



ANNUAL REPORT

2025

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Translation note

This version of the financial statements is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over this translation.

Dear Shareholders and Business Partners,

In April 2025, I had the honour of becoming a member of the Board of Directors of the Company, and in October 2025 I was elected Chairman of the Board. I greatly appreciate the trust placed in me and regard this decision as a commitment to actively contribute to the further development of a company with a strong tradition, high-quality know-how, and a long-standing significant position in the European market.

The year 2025 was a challenging and transformative period for KORADO, a.s. The past year was marked by a number of changes, both external and internal. Changes took place within the management team, and towards the end of the year the Board of Directors initiated a selection process for a new Chief Executive Officer. These steps were not easy; however, I consider them necessary to stabilise the Company and to define its future direction in an increasingly dynamic market and regulatory environment.

At the same time, 2025 was a year of important commercial and investment decisions. A key achievement was the acquisition of a new, long-term and strategically significant customer — Bosch Home Comfort Group. The Company also continued targeted investments in its production capacities, in particular in the production of VKM8 radiators at KORADO Bulgaria and in the further development of vertical radiator manufacturing. I see these investments as a crucial prerequisite for strengthening the Group's competitiveness in the years ahead.

Nevertheless, it cannot be overlooked that 2025 was significantly affected by adverse market developments. The panel radiator market experienced a Europe-wide downturn, and the Company faced considerable pressure on margins. The Company's financial results over the past two years have been influenced by a combination of these external factors and necessary internal transformation measures aimed at stabilisation and ensuring long-term business sustainability. I view these circumstances with full seriousness and responsibility. At the same time, specific measures were implemented during the year to increase operational efficiency, optimise the cost structure and strengthen the commercial portfolio, the positive effects of which will gradually materialise in the coming periods.

The key strategic objectives for the forthcoming period remain the optimisation of production processes, the consistent maintenance and further enhancement of product quality, and systematic innovation in both manufacturing and the logistics chain. I am convinced that the combination of technological excellence, operational efficiency and a strong customer focus represents the path to long-term stability and a return to sustainable growth.

I would like to express my sincere appreciation to all employees of the Company. Their expertise, commitment and loyalty are a fundamental prerequisite for the continued development of KORADO. My thanks also go to our business partners and customers for their long-term cooperation and trust, which I greatly value. The development of a strong corporate culture, a sense of shared responsibility and open cooperation across the Company will be among the key priorities for 2026.

I am confident that KORADO has all the necessary prerequisites to successfully address the current challenges and transform them into new opportunities. I would like to thank everyone who is actively contributing to this journey.



Ing. Aleš Bartůněk

Chairman of the Board of Directors, KORADO, a.s.



WORD OF
THE CHAIRMAN
OF THE BOARD OF
DIRECTORS

STRATEGIES AND GOALS OF THE KORADO GROUP

In line with the long-term strategy of the KORADO Group and with regard to the experience and knowledge gained in the previous period, the Group has defined objectives for 2026 focused on further increasing performance, efficiency and the long-term stability of the Group.

The main objective of the KORADO Group for 2026 is to continue strengthening its position as a professional, process-driven group operating at a high level of expertise, technology and organisation, which is continuously developing and systematically investing in its resources. The year 2026 will be a period of targeted actions aimed at fully utilising the identified potential of the Group and creating solid prerequisites for further sustainable development. An important part of the objectives for 2026 is also more intensive cooperation among the individual companies within the Group. The role of Group functions will be strengthened as providers of methodological and professional support with the aim of achieving synergies and creating solid prerequisites for the further stable development of the KORADO Group.

Business Strategy

The year 2026 will be a key period for the KORADO Group, during which it will be necessary to optimise profitability while at the same time maintaining the reliability of deliveries as the production portfolio is expanded. The main objective will be the optimisation of commercial and manufacturing processes so that the growth in order volumes and new projects leads to improved economic results, rather than to increased production complexity or extended delivery lead times.

At the same time, the project focused on the sale of ventilation and heat recovery units is being implemented more intensively, representing an important step towards expanding the KORADO Group's portfolio.

The strategy for 2026 is based on long-term trends in the areas of energy efficiency, changes in materials and technologies in the construction industry, and the growing importance of high-quality indoor climate in buildings. The expected increase in renovation activity and the gradual recovery of new construction create opportunities for offering products and system solutions with higher added value. The objective of the KORADO Group is to strengthen its position as a partner for comprehensive solutions and to use 2026 as a period of consolidation, efficiency and targeted growth.

Securing against Risk

The management of business and commercial risks and the mitigation of their impacts continues to be one of the Group's top priorities. The persistently turbulent environment, influenced by a range of unpredictable factors such as military conflicts in Ukraine and Israel, inflation and the associated volatility of commodity and energy prices, fluctuations in interest rates, the migration crisis, cyberattacks, trade wars and similar factors, fully justifies this approach. Risks of both external and internal nature are recorded in the Risk Catalogue, and active efforts are made to identify ways of their mitigation.

Risk categorisation covers the full spectrum, ranging from strategic and commercial risks through production, financial and personnel risks to IT risks, among others. A number of risks are

naturally covered by insurance or similar standardised products; however, maximum emphasis is also placed on prevention and on internal process settings aimed at eliminating potential damage at its earliest stage. These principles are implemented across the entire KORADO Group, including the manufacturing plants in Bulgaria and in Liberec.

Optimising Radiator Production

The objective of this area is to continuously improve product quality, optimise production in line with market requirements, consistently increase the integration of engineering methods in manufacturing and supporting processes, and achieve maximum savings through the implementation of new technologies.

Effective Purchasing

The task in the area of procurement is to reduce input risks, ensure the availability of all materials in the required quantities and quality and at the most favourable prices, optimise supplier selection and evaluation, integrate individual procurement activities across the entire KORADO Group, and continuously reduce inventory turnover time. An equally important task will be the strict adherence to rating rules in relation to suppliers. The objective is to increase procurement efficiency, enhance transparency in the supplier selection process, strengthen the position of the KORADO Group in the supplier market, and diversify the supplier portfolio.

Taking Care of Human Resources

The KORADO Group places long-term emphasis on maintaining a high standard of working conditions and the overall working environment. The objective is to create conditions that enable employees to achieve optimal performance and to support their professional development, which is a key prerequisite for the successful and stable operation of the Group as a whole. Other tasks include a thorough review of the remuneration system linked to specific objectives (KPI) of individual employees.

The priority in education is the further development of technical and professional skills of employees in production.

Optimum Financing and Securing Liquidity of the Company

In the financial area, the KORADO Group will focus in the forthcoming period on consistently maintaining sufficient liquidity of the Group and ensuring the required volume of financial resources to cover all obligations towards business partners and financial institutions, including the creation of financial capacity for appropriate acquisitions and investments.

Another important objective is the consistent use of controlling tools and their application across the entire KORADO Group.

Internal Audit

The purpose of Internal Audit is to strengthen the ability of the KORADO Group to create, protect and sustain value by providing the Supervisory Board, the Board of Directors and Senior Management with independent, risk-based and objective assurance, advice, insight and foresight.

The activities of Internal Audit, i.e. the determination of the scope, nature and type of Internal Audit services, are defined by a mandate granted to Internal Audit by the governing bodies of the Company. Internal Audit reviews, within the KORADO Group, the fulfilment of tasks, intentions and objectives, compliance with fundamental principles of management and control, the adequacy and effectiveness of governance and management, risk management and control processes, compliance with legal and internal regulations, reviews information and communication technologies and cybersecurity, participates on an ad hoc basis at the request of senior management in investigations of extraordinary events, and provides advisory services.

In accordance with the Internal Audit activity plan, risk-based combined audits and system audits will be performed,

including compensating controls of conflicting access rights to information systems in both the parent company and its subsidiaries, with the aim of creating, protecting and sustaining value within the KORADO Group. Internal Audit will support strategies and activities that enhance the effectiveness and efficiency of the KORADO Group in achieving its defined objectives. It will identify, manage and reduce risks that could jeopardise objectives and assets within the KORADO Group, including fraud prevention, and ensure compliance with legislative requirements and the protection of financial and tangible assets. Internal Audit will implement sustainable and innovative practices that ensure the long-term quality and stability of activities within the KORADO Group, including process improvement and resource management. An integral part will also be close cooperation between Internal Audit and external auditors.

KORADO GROUP

As at 31 December 2025, the KORADO Group consisted of the parent company KORADO, a.s. Česká Třebová and six subsidiaries, which are:

- Four trading
 - KORADO Deutschland
 - KORADO Polska
 - KORADO Austria
 - KORADO U. K. (currently not engaged in business)
- Two production
 - KORADO Bulgaria
 - LICON s.r.o

Trading subsidiaries were established around the mid-1990s, primarily to support the growth in sales on the European markets during the final stages of building the new production plant in Česká Třebová. Production subsidiaries have gradually joined the group as a result of systematic acquisitions in order to expand the production portfolio.

All subsidiaries are currently managed by representatives of the parent company in the statutory bodies of each company. Trade relations between the parent company and the subsidiaries are arranged through the Sales Department of the parent company.

Since the trading companies were founded, they have provided services on selected markets for KORADO brand products. In 2002 and 2003, there were significant changes in the operation and management of the largest trading subsidiaries. Customers in these markets since then have been served directly by the parent company in Česká Třebová. This management model significantly reduces costs and increases the efficiency of the individual trading subsidiaries. The result was a turnaround in their financial situations and the gradual return of capital that had been invested in those companies.

No Controlling Agreements have been concluded between the parent company KORADO, a.s. and its subsidiaries. The management of these companies is based on Distributor Agreements and annual business and financial plans. In addition to these Agreements, Loan Agreements have been concluded between the parent company and the subsidiaries KORADO Polska, LICON and KORADO Bulgaria. These are standard agreements under regular market conditions.

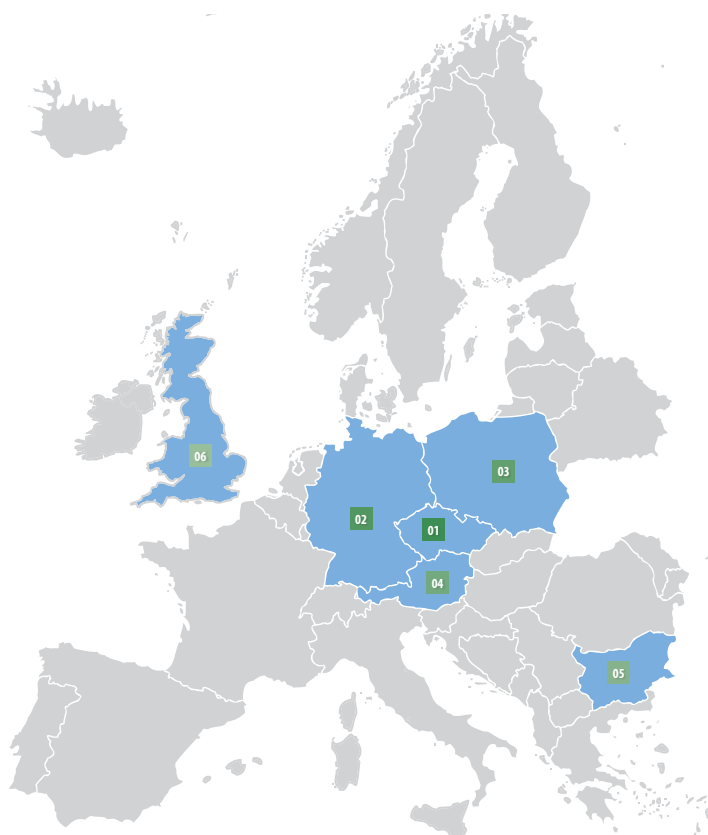
In 2006, when the Bulgarian subsidiary introduced the process of activating optional reserves in the production of panel radiators within the KORADO Group, full harmonisation has been achieved among all corporate, technical and production processes with the parent company KORADO, a.s. in Česká Třebová. Thanks to the implementation of this project, KORADO Bulgaria is a full-fledged part of the KORADO Group. At the end of 2014, KORADO Bulgaria implemented a secondary subscription of share capital on the Stock Exchange in Sofia. After almost two years of planning, this transaction was successfully implemented, increasing the equity of KORADO Bulgaria by about BGN 7 million (about CZK 100 million). These funds were used for further investment development of the subsidiary. Investment in the second production line of steel panel radiators and lines for the manufacture of bathroom radiators.

An important step towards expanding our product portfolio occurred in 2013 with the 100% buyout of the company LICON HEAT s.r.o., which has expanded KORADO's production program by a complete range of floor, wall, freestanding, bench and special convector radiators. Another significant investment was the buyout of ThermWet in 2018. The company is specialising in controlled air recuperation.

As of 1 January 2024, the company LICON HEAT s.r.o. merged with ThermWet s.r.o. The company ThermWet s.r.o. ceased to exist and was removed from the Commercial Register. LICON HEAT s.r.o. became its legal successor. The merger was registered on 1 March 2024. At the same time, the name of the successor company was changed to LICON s.r.o. The merger of the above-mentioned companies is expected to contribute to cost reductions, lower administrative burden, sharing of know-how, and to development and mutual synergy in building the business model. The product portfolio of both original entities remains fully preserved in its entire range.

Map of Europe with Subsidiaries and associates

- 01 KORADO, a.s.
- 01 LICON s.r.o.
- 02 KORADO DEUTSCHLAND
- 03 KORADO POLSKA
- 04 KORADO AUSTRIA
- 05 KORADO BULGARIA
- 06 KORADO U.K.



Composition of the KORADO Group as at 31 December 2025:

Company	Incorporation date	Share capital	Director (Authorized Agent)	Registered office	KORADO, a.s share	Legal form
KORADO, a.s.	1 September 1996	CZK 840,700 thousand	-	Bří Hubálků 869, 560 02 Česká Třebová, Czech Republic	-	Joint-stock company
KORADO Deutschland GmbH	28 November 1995	CZK 630 thousand	Leona Vaňková	DR. Wilhelm-Külz- Strasse 61, 155 17 Fürstenwalde, Germany	100 %	Limited liability company
KORADO Polska, Sp. z. o. o.	4 December 1996	CZK 42,472 thousand	Žaneta Vebrová	Gen.Okulickiego 4, 05-500 Piasecno, Poland	100 %	Limited liability company
KORADO Austria, GmbH	1 July 1998	CZK 26,444 thousand	Leona Vaňková	Gentzgasse 135/14, 1180 WIEN, Austria	100 %	Limited liability company
KORADO Bulgaria, A. D.	1 October 1998	CZK 169,572 thousand	Jiří Řezníček	Gladston 28, 5150 Strajica, Bulgaria	82.15 %	Joint-stock company
KORADO U. K. Limited	25 November 1998	CZK 30 thousand	Vojtěch Čamek	12 South Drive, Banstead, Surrey, SM7 3BH, Great Britain	100 %	Limited liability company
LICON s. r. o.	1 October 2013*	CZK 14,500 thousand	Martin Kniha	Svárovská 699, 463 03 Stráž nad Nisou, Czech Republic	100%	Limited liability company

Share capital values converted using the exchange rate as at 31 December 2025

* Date LICON s.r.o. joined the KORADO Group

REPORT ON SUBSIDIARIES

KORADO Deutschland GmbH – KORADO Deutschland was founded on 28 November 1995 as a trading company dealing with the sale of KORADO brand products on the markets of Germany, Denmark and the Benelux countries. KORADO, a.s., owns a 100% share in KORADO Deutschland.

KORADO Polska, Sp. z o. o. – KORADO Polska was founded on 4 December 1996 as a trading company dealing with the sale of

KORADO brand products on the Polish market. From 1 January 2023, the company will only intermediate the sale of products

KORADO Austria, GmbH – KORADO Austria was established in 1998 as a wholly owned subsidiary responsible for sales-related activities in Austria on behalf of the parent company. Since 2025, the company has only acted as an intermediary for the sale of the parent company's products in Austria.

KORADO Bulgaria, A. D.

The company was established in 1998, when KORADO, a.s. acquired the shares of the original manufacturing company. At present, KORADO, a.s. holds an 82.15% ownership interest in KORADO Bulgaria. The remaining interest is held by local institutional and retail investors. The shares are freely traded on the Bulgarian Stock Exchange in Sofia.

The company is a full-fledged part of the KORADO Group with production very similar to the parent company, i.e. the production of steel panel radiators and bathroom radiators. KORADO Bulgaria currently serves the markets of Romania, Ukraine, Hungary, France, Greece, Cyprus, Tunisia, and Bosnia and Herzegovina, as well as the local Bulgarian market. A significant part of its production is sold through the parent company's distribution channels.

In 2017, the company increased its equity by 4,389,538 ordinary shares, which are registered as freely transferable voting shares with a nominal value of BGN 1 each. This increase was executed from the original share premium. The shares were distributed among existing shareholders in a 2:1 ratio (one new share for every two existing shares). During autumn 2017, the company

LICON s. r. o. – LICON s.r.o. is a leading Czech manufacturer of convactor heating units with more than 55 years of tradition, selling its products to almost all parts of the world. More than half of its production is exported, confirming its significant position in the international market. With effect from 1 March 2024, the company's business name was changed from LICON HEAT s.r.o. to LICON s.r.o., reflecting the company's broader focus, covering not only the manufacture of convectors but also, newly, ventilation systems with heat recovery.

An important milestone was the merger with ThermWet s.r.o., a manufacturer of ventilation and heat recovery units (a member

KORADO U. K. Limited – It is a trading company acquired in 1998. The company is currently inactive and does not carry out any business activities.

In 2025, KORADO Deutschland reported a result for the year of EUR 12 thousand (CZK 304 thousand).

for the parent company in Poland. KORADO, a.s., owns a 100% share in KORADO Polska.

In 2025, KORADO Polska achieved a profit of PLN 184 thousand (CZK 1,071 thousand).

In 2025, KORADO Austria reported a profit of EUR 5 thousand (CZK 128 thousand).

met the conditions for admission to the Premium Market of the exchange, where its shares are currently traded.

Following significant investments in previous years (a new production line for panel radiators and subsequently also for bathroom radiators), in 2017 the investment aimed at reducing the energy intensity of the production premises was completed. The entire production plant is currently fully insulated. During 2018, the company additionally acquired an adjacent production site (approximately 3 hectares of land), including a production and administrative building.

At the end of 2019, the company implemented a project to distribute its own shares to employees. This step supported employee loyalty at a time of significant tension in the labour market.

The share price of KORADO Bulgaria reached BGN 4.18 per share at the end of 2025, i.e. the company's market capitalisation reached approximately CZK 682 million.

In 2025, KORADO Bulgaria reported a result for the year of BGN 767 thousand (CZK 9,683 thousand).

of the KORADO Group since 2018). This merger enabled the expansion of the product portfolio to include solutions aimed at improving air quality and optimising energy efficiency in buildings. At the same time, it brought increased production capacity and flexibility, leading to improved manufacturing efficiency and reduced costs. These steps demonstrate LICON's strategic focus on innovation and sustainable development, contributing to its further growth and strengthening its market position.

In 2025, LICON s.r.o. reported a result for the year of CZK (22,086) thousand.

TABLE OF FINANCIAL INDICATORS OF THE GROUP

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
TOTAL SALES (CZK MIL.)	1,875	1,949	1,780	1,832	1,775	2,350	2,229	1,709	1,561	1,533
YEARLY CHANGE IN SALES (%)	2 %	4 %	(9 %)	3 %	(3 %)	32 %	(5 %)	(23 %)	(9 %)	(2 %)
EBITDA (NET PROFIT (LOSS) PLUS TAX ON INCOME PLUS INTEREST COSTS PLUS DEPRECIATION) (CZK MIL.)	210	166	147	189	214	278	189	163	70	35
EBITDA MARGIN (EBITDA / TOTAL SALES) (%)	11 %	9 %	8 %	10 %	12 %	12 %	8 %	10 %	5 %	2 %
PROFIT/LOSS AFTER TAX (CZK MIL.)	70	25	6	7	56	123	49	23	(47)	(66)
RETURN ON EQUITY (EBIT / ASSETS MINUS CURRENT LIABILITIES)	5%	2 %	2 %	3 %	5 %	10 %	4 %	2 %	(2 %)	(5 %)
INDEBTEDNESS (LOANS / EQUITY)	0.25	0.19	0.20	0.15	0.13	0.08	0.08	0.09	0.08	0.06
QUICK RATIO (CURRENT ASSETS MINUS INVENTORY / CURRENT LIABILITIES)	0.82	0.32	0.37	0.48	0.83	0.63	0.67	1.24	1.17	0.79
CURRENT RATIO (CURRENT ASSETS / CURRENT LIABILITIES)	1.36	0.88	0.94	1.10	1.32	1.35	1.70	2.02	1.96	1.66
TOTAL ASSETS (CZK MIL.)	2,185	1,990	2,032	1,966	2,033	2,334	2,111	2,123	2,048	2 020
NON-CURRENT ASSETS / TOTAL ASSETS (%)	72 %	78 %	74 %	74 %	68 %	56 %	61 %	58 %	58 %	56 %
RECEIVABLE TURNOVER (DAYS)	25	20	17	18	20	18	17	16	16	19
PAYABLE TURNOVER (DAYS)	103	92	122	124	128	120	119	123	130	150
INVENTORY TURNOVER (DAYS)	63	67	87	89	85	89	116	133	119	143

FINANCIAL SITUATION

Profitability and Financial Position of the KORADO Group

In the past year, our Group faced unfavourable market conditions, which had a negative impact on its financial performance. Despite these challenges, the Group maintained a stable financial position characterised by a low level of indebtedness, enabling it to respond flexibly to market developments. The Group's financial assets remained at a stable level, reflecting effective liquidity management and prudent financial stewardship.

Bank Loans

Bank loans were repaid in 2025 in accordance with the terms and conditions set out in the loan agreements. All banking covenants were complied with throughout the year.

Investments

During 2025, the Group carried out two strategically significant investments aimed at supporting manufacturing innovation and increasing the efficiency of internal processes. In connection with the expansion of the product portfolio to include a new type of radiator, a series of investments was made in the manufacturing technologies for steel vertical panel radiators. These mainly included the acquisition and modification of pressing tools for shell production, technical modifications to welding lines, and the expansion of the paint shop by adding a new degreasing line. This investment enabled a higher level of automation, improved process stability and prepared the Group for future growth in the vertical radiator segment. The second key investment focused on the digitalisation and more efficient management of the warehouse. The Group implemented new software and hardware solutions enabling more accurate records, faster material handling and an overall increase in the productivity of logistics processes.

Risk management

Over the course of its existence, the KORADO Group has built a very stable and capital-strong customer portfolio. However, our presence in a number of Eastern markets entails specific features, and receivables from these territories must be adequately secured. Following the outbreak of the military conflict in Ukraine, credit insurers terminated coverage for Ukrainian and Russian customers. We were able to collect their outstanding debts. Approaching new customers in non-traditional territories also involves an increased level of credit risk. In this context, the long-applied strategy of very strict credit risk assessment is fully understandable. In 2025, as in previous years, the KORADO Group did not incur any significant losses related to non-payment of due receivables; potential collection issues were successfully addressed in cooperation with specialised credit insurers and collection agencies.

Risks associated with foreign exchange movements are, to the maximum extent possible, managed through natural hedging, whereby we seek to balance foreign currency positions on the revenue side with costs denominated in the same currency.

A broader perception of risk management within the context of the Company's operations has led to further strengthening of the work with operational risks as well as risks related to corporate procurement. Increased external pressure, including significant EU regulation of the steel market (import quotas and duties from third countries) and turbulence in commodity and energy markets, naturally also affects our supplier environment. From this perspective, our long-term stabilised supplier portfolio is regarded as one of the cornerstones of our procurement strategy. Another element of this strategy is the ongoing search for alternative suppliers.

PRODUCTION AND DEVELOPMENT

Manufacturing

In the area of manufacturing management, the Company faced challenges related to changes in the customer portfolio and the dynamics of market requirements. A large-scale project was launched to introduce a new vertical panel radiator, for which market analyses indicate significant demand.

Following the acquisition of a new customer in Germany, manufacturing capacity was increased and, as a result, the number of permanent production employees was expanded.

At the same time, the manufacturing division assumed full responsibility for the quality, timeliness and completeness of deliveries to the finished goods warehouse, which was key to maintaining a high level of customer satisfaction and to meeting the Group's commercial objectives.

Development

Throughout 2025, the engineering function worked on the preparation and subsequent implementation of products for the new German customer. It also contributed to the introduction of a new product line of vertical panel radiators and ensured the production of centre-connection assemblies at KORADO Bulgaria using a new welding robot.

Manufacturing at LICON s.r.o

In 2025, the range of products intended for low-temperature heating systems was expanded, including variants suitable for refurbishment projects, and a fully electric in-floor convector was added to the portfolio.

In the area of heat recovery ventilation units, the integration of manufacturing and development processes continued, including the definition of responsibilities, with a focus on increasing efficiency. A new model of the Ventbox 200 heat recovery unit was introduced to the market, and development of a new generation of control and management systems was launched, including a cloud-based solution.

As part of manufacturing cost optimisation, production of in-house semi-finished components for flat front panels was launched, supported by an investment of CZK 10 million. This investment resulted in material cost savings and increased manufacturing self-sufficiency.

Manufacturing at KORADO Bulgaria

In 2025, the Group continued to consolidate and stabilise manufacturing processes. KORADO Bulgaria manufactured panel radiators on two automated lines and tubular radiators on one brazing line. In August, production of the new VKM8 model was successfully launched, which released capacity at the parent company to commence new manufacturing projects.

Cooperation with the parent company continued in the area of maintenance and the development of manufacturing technologies, contributing to improved efficiency and process standardisation across the Group.

MANAGEMENT OF HUMAN RESOURCES

Employee training system

Training for technical and administrative employees focuses primarily on maintaining professional expertise and skills, in line with the requirements arising from the job descriptions of individual departments and employees.

Occupational health and safety training and training related to regulatory requirements are carried out on a regular basis (e.g., operators of powered industrial trucks, welders, electricians, crane operators, etc.).

Employee remuneration system

Remuneration within the KORADO Group is linked to the achievement of specifically defined performance indicators. A significant component is tied to the overall financial performance of the KORADO Group.

Taking Care of Employees

The KORADO Group places emphasis on maintaining an appropriate standard of working conditions and a suitable work environment for employees. Employees are encouraged to achieve optimal performance, as motivated and qualified employees are a prerequisite for the successful operation of the Company.

A priority of training is the further development of technical professional qualifications of production employees.

For the group of managerial employees, the Company contributes to life insurance and provides additional benefits. A long-standing stabilisation element is the system of contributions to supplementary pension savings, in which the majority of employees participate.

Employees have access to quality catering directly on the premises of the KORADO, a.s. manufacturing plant, including for shift operations, with a significant employer contribution.

Awareness and Internal Communications

Effective management requires a sufficient level of information; therefore, an information system has been implemented for human resources, attendance, training and payroll, which consolidates data from these areas. The data are available in long-term time series.

The KORADO Group pursues stability and development, enabling employees to utilise their abilities and skills as well as to achieve personal growth in their employment.

The adaptation of new employees to the corporate culture and environment is also supported by induction information training and a "New Employee Handbook" containing basic information about the Company and practical guidance.

Whistleblowing

Pursuant to Act No. 171/2023 Coll., on the Protection of Whistleblowers, as amended (the "Act"), KORADO, a.s. has been required, since 1 August 2023, to provide individuals (whistleblowers) with a secure channel for submitting reports of potential unlawful conduct. For this purpose, the Company implemented an internal reporting system, designated a competent person (case handler) and established a process for assessing and investigating reports received from whistleblowers.

Health Protection

The KORADO Group has long been among companies with a high standard of occupational health and safety. This is reflected in a very low injury rate in recent years. Regular and professional occupational health and safety training for all Group employees makes a significant contribution to this outcome.

QUALITY MANAGEMENT SYSTEM, ECOLOGY AND THE ENVIRONMENT

Quality and certification

The KORADO brand has long been associated, for our customers and business partners, with a high quality standard, reliable deliveries and technically advanced products with a long service life. These values are supported by a stable and fully functioning management system certified in accordance with ISO 9001:2015 (Quality Management System) and ISO 14001:2015 (Environmental Management System). These certifications confirm that KORADO manages the quality of its processes systematically, minimises environmental impacts and provides a safe and controlled working environment.

Regular internal and external audits repeatedly demonstrate the KORADO Group's ability to consistently deliver products and services that meet customer requirements as well as legislative and regulatory requirements.

Product quality is further supported by significant international certifications, including RAL for the German market, GOST for the Russian market and a quality mark valid in Ukraine. KORADO products also comply with the requirements of applicable European Union legislation, which is a prerequisite for the granting of CE marking. This confirms that RADIK panel radiators, KORALUX tubular radiators and KORATHERM design radiators consistently meet all defined requirements for materials, design and the manufacturing process over the long term.

A new development in 2025 was the successful certification of an Environmental Product Declaration (EPD), which transparently documents the environmental impacts of our products over their entire life cycle.

The KORADO Group also holds the status of Authorised Economic Operator (AEO), confirming a high level of security and reliability of our logistics and customs processes.

In order to meet the requirements of Act No. 418/2011 Coll., on the criminal liability of legal entities, a functional "Compliance Programme" structure has been implemented within the Company, the purpose of which is to prevent undesirable conduct and to protect the Company's assets and reputation. The corporate culture of the KORADO Group reflects modern, customer-oriented management principles. Customer needs are consistently incorporated into the development of new products, manufacturing processes and the services provided, and they form the basis for future growth and the achievement of corporate objectives.

The Company has been working continuously to improve the quality of its products and internal processes. The level of claims remains stably low, and a structured improvement process is in place in manufacturing areas, including regular evaluation of the measures implemented.

The quality management system clearly defines all organisational processes and supports strategic management across the Group. Manufacturing processes, including maintenance of production equipment, are operated at a high technical and organisational level. The system also includes risk management at both the contextual level and the level of individual processes. In the environmental area, significant environmental aspects are identified and regularly evaluated, and in accordance with legal requirements, risks of potential emergency situations are defined.

The Company's quality policy is reviewed on a regular basis and forms the basis for setting quality objectives as well as for the effective management of the organisation.

Ecology and Environmental Protection

The KORADO Group has long monitored the environmental impacts of its activities and systematically develops measures supporting sustainable operations. 2025 was no exception; on the contrary, it included several key investments that will significantly influence overall electricity consumption in the coming years and increase the energy efficiency of operating systems. One of the main projects was the retrofit of air-handling units, which achieved up to a 70% reduction in energy demand for the operation of ventilation systems in the welding shop, paint shop and packing area. A significant technological improvement was also delivered by replacing obsolete cooling units with a new model using an environmentally friendly refrigerant, thereby reducing the long-term environmental impact of operations. Further efficiency gains were supported by the generational replacement of rooftop adiabatic coolers, resulting in material energy savings during their operation.

In the first quarter of 2025, an extraordinary inspection was carried out at KORADO, a.s. by the Czech Environmental Inspectorate, which confirmed full compliance with the legislative requirements arising from the integrated permit. As usual, all key observations from the inspection were recorded and will form the basis for further improvements in environmental protection and corporate ecology processes.

Activities carried out in 2025 again confirmed that environmental protection is firmly embedded in our business and represents one of the core pillars of our long-term direction.



GENERAL COMPANY INFORMATION

Company name:	KORADO, a.s.	
Headquarters:	Bří Hubálků 869, 560 02 Česká Třebová	
Legal form:	joint-stock company	
Recorded:	In the Commercial Register kept at the Regional Court in Hradec Králové, Dept. B, Entry 1500	
Registration Date:	1 September 1996	
Co. ID No.:	25 25 58 43	
Company shareholders:	Ministry of Finance, Czech Republic	34.22 %
	European Bank for Reconstruction & Development	29.14 %
	KORADO, a.s. (own shares)	9.16 %
	Ing. Miloš Menčík	4.58 %
	Ludmila Pechancová	4.58 %
	Ludvík Petr	9.16 %
	Miroslav Vobora	9.16 %

Fields of Business:	– Manufacture of central heating radiators
	– Catering
	– Plumbing, heating
	– Production, installation and repair of electrical machinery and apparatus, electronic and telecommunication equipment
	– Metalworking, tool-making
	– Production, sales and services not specified in Appendices 1 to 3 of the Trade Act
	– Painting, lacquering and varnishing

KORADO, a.s., is the largest Czech manufacturer and one of the largest European manufacturers of steel panel radiators and tubular radiators.

The Company's core manufacturing programme comprises RADIK and KINGRAD panel radiators, KORALUX tubular radiators and KORATHERM design radiators. The Company continuously expands its product range not only by introducing new radiator models, but also by adding entirely new technologies and products. The Company's long-term objective is to continue expanding its assortment so that, under the KORADO brand, it can offer customers a comprehensive range of heating solutions of premium quality.

The Company's history dates back to 1990, when it was established in Česká Třebová. Since then, the Company has undergone dynamic development, evolving from a small Czech business into a successful and European oriented company.

A particularly significant decision for KORADO, a.s. was the investment in a fourth production line and related technologies, the implementation of which commenced during 2007. This investment of almost CZK 600 million, representing the second-largest investment in the Company's history and the largest capital expenditure since the construction of the new plant in 1997, resulted in increased manufacturing efficiency and expanded capacity, which currently supports production optimisation.

In 2010–2011, KORADO, a.s. made a further investment to install new capillary brazing technology for KORALUX tubular radiators, with the aim of supplying a higher volume of bathroom radiators at lower manufacturing costs.

In October 2013, the Company acquired LICON HEAT. LICON

HEAT manufactures convectors, thereby further complementing and expanding the Group's portfolio.

At the end of 2014, the parent company successfully participated in an increase of equity in KORADO Bulgaria of approximately BGN 7 million (approximately CZK 100 million) through a secondary subscription of share capital on the Sofia Stock Exchange.

In 2017, shares previously held by Ing. Bedřich Brabec, representing a 9.16% interest in the subscribed registered share capital, were transferred directly to KORADO, a.s. No voting rights or entitlement to profit distributions are attached to treasury shares for as long as they are held by the Company.

In July 2018, the Company acquired ThermWet s.r.o. ThermWet s.r.o. is engaged in the manufacture of central ventilation systems with heat recovery, thereby further complementing and expanding the Group's portfolio.

The Company has no organisational unit. KORADO, a.s. is not required to prepare a report on relations, as, under applicable legislation, it does not have a controlling person.

Subsequent events

After the reporting date, except for the matters disclosed in the notes to the financial statements, no further events occurred that would have a material impact on the financial statements as at 31 December 2025.

COMPOSITION OF THE COMPANY BODIES AND MANAGEMENT to 31. December 2025

General Meeting

The highest body of KORADO, a.s. is the General Meeting, which is comprised of the Company's shareholders. Its scope of authority and powers are set out in the Company's Articles of Association. The General Meeting is convened by the Board of Directors, typically once per year.

The Company's top-level management and oversight are ensured by the following bodies.

Supervisory Board

The Supervisory Board is the Company's highest supervisory body and is authorised to oversee the performance of the Board of Directors' duties and the Company's business activities. The composition, scope of authority and powers of the Supervisory Board are determined by the Company's Articles of Association. As at 31 December 2025, the Supervisory Board had six members. The Supervisory Board typically meets once every two months.

Based on a nomination by the Ministry of Finance, Jakub Valchář was elected as a new member of the Supervisory Board by the General Meeting of KORADO, a.s., with effect from 5 March 2025, and on 12 December 2025 he was elected Vice-Chair of the Supervisory Board. On 21 November 2025, the General Meeting removed Leona Vaňková from the position of Supervisory Board member. Based on a nomination by shareholder individuals, Eva Fater Voborová was elected as a new member of the Supervisory Board with effect from 21 November 2025.

Composition of the Supervisory Board as at 31 December 2025:

- Ludvík PETR – Chair of the Supervisory Board
- Ing. Jakub Valchář, DiS.- Vice-Chair of the Supervisory Board
- David RYBA – Member of the Supervisory Board
- Ing. Radim JIROUT, – Member of the Supervisory Board
- Ing. Hana VAŇKOVÁ – Member of the Supervisory Board
- Eva Fater Voborová – Member of the Supervisory Board

Board of Directors

The Board of Directors is the Company's statutory body. It manages the Company's activities and acts on behalf of KORADO, a.s. Members of the Board of Directors are elected by the Supervisory Board from candidates proposed by shareholders. The term of office of Board members is five years. The Board of Directors decides on all matters that are not reserved to the General Meeting by applicable law or by the Company's Articles of Association.

Based on a nomination by the Ministry of Finance, Aleš Bartůněk was elected by the Supervisory Board as a new member of the Board of Directors with effect from 12 April 2025.

As at 30 May 2025, Volker Hans Recker resigned from the position of Vice-Chair and member of the Board of Directors.

Based on nominations by the Ministry of Finance, the Supervisory Board elected Jan Brázda and Pavel Hrbáček as new members of the Board of Directors with effect from 20 September 2025.

At its meeting held on 8 October 2025, the Board of Directors elected Aleš Bartůněk as Chair of the Board of Directors and Jan Brázda as Vice-Chair of the Board of Directors.

On 21 November 2025, the General Meeting removed Magdalena Součková from the position of Board member.

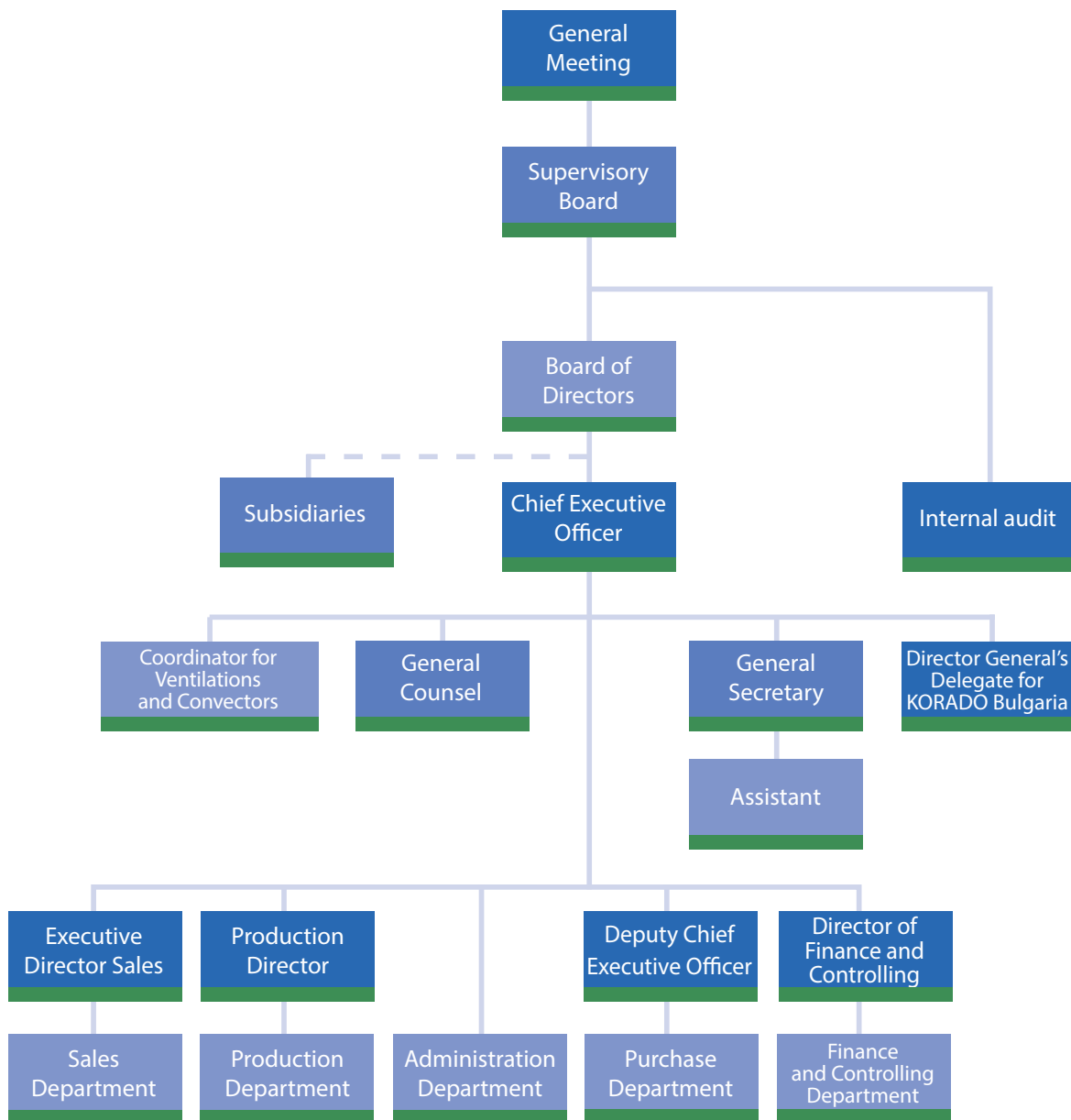
Composition of the Board of Directors as at 31 December 2025:

- Ing. Aleš Bartůněk - Chair of the Board of Directors
- Ing. Jan Brázda - Vice-Chair of the Board of Directors
- Ing. František HAMÁČEK - Member of the Board of Directors
- Ing. Pavel Hrbáček - Member of the Board of Directors

Management

The Company is organised into five divisions: Administration, Sales, Manufacturing, Procurement, and Finance and Controlling. The Company has also established an Internal Audit function. Each division is managed by the relevant director or a Deputy to the Chief Executive Officer. The management of KORADO, a.s. is headed by the Chief Executive Officer. The Company is part of the KORADO Group's consolidation group.

ORGANISATIONAL SCHEME



COMPANY'S HISTORY IN DATES

- 1965** Start of panel radiators production in the former Koventa company.
- 1970** Own multipoint welding lines for the production of radiators launched.
- 1987** First welding line from SCHLATTER, an innovation for radiators, significantly reducing the proportion of manual labour, increasing labour productivity installed.
- 1988** New paint shop, a significant shift in the quality of the surface finish of radiators commissioned.
- 1990** The private company KORADO spol s.r.o. was founded, with a registered capital of CZK 100 ths., by the current shareholders, František Menclík, Ludvík Petr, Miroslav Vobora and Ing. Bedřich Brabec.
- 1991** Privatisation of Koventa by auction and subsequent upgrading of the company and commencement of production, increasing production capacity and introducing continuous operation.
- 1992** Innovation of panel radiators and expansion of the production program with special radiators.
- 1993** Repayment of all loans granted by the bank for the purchase of the plant; after further investments, the plant at that time reached maximum production capacity.
- 1994** First significant share capital increase to CZK 5 million.
- 1995** Business plan developed for the construction of a new "greenfield" KORADO plant; newly established subsidiary KORADO Deutschland.
- 1996** Transformation into a stock company and share capital increased to CZK 880 million; construction commenced on a new plant worth nearly CZK 3 billion; other subsidiaries founded - KORADO Moskva, KORADO Baltija KORADO Brod, KORADO Polska and a majority stake was bought in the transport company S.A.S.
- 1997** Capital entry of the European Bank for Reconstruction and Development (EBRD); share capital increased to CZK 1,580 billion; ISO 9001 certification obtained and of production commenced in the newly built manufacturing plant in Česká Třebová.
- 1998** Acquisition of a 98 % stake in the production plant in Bulgaria and its overall consolidation. Other subsidiaries founded; KORADO Austria, KORADO UK.
- 1999** Transfer of loans for KORADO, a.s. from Česká spořitelna to Konsolidační banka Praha, s.p.ú. (KOB).
- 2000** Loan portfolio restructured by KOB, interest burden reduced and the Company financially stabilised, registered capital reduced by accumulated losses amounting to CZK 1,027 million, followed by an increase of capital by KOB in the form of capitalisation of CZK 287.7 million to CZK 840.7 million.
- 2002** Significant turning point in the Company performance; after four years of losses, it was again achieved a positive financial result of CZK 31 million. Restructuring of the largest subsidiaries KORADO Polska, KORADO Austria and KORADO Deutschland to increase return on investment.
- 2003** The process of finding a strategic investor launched in 2001 was terminated without selecting a partner; the influence of the most important shareholder, the European Bank for Reconstruction and Development, on company management grew stronger; for the first time in history, the consolidated profit for the entire KORADO Group reached a positive value of CZK 57 million.
- 2004** Payment of all loans at the Czech Consolidation Agency and transition to HVB Bank Czech Republic (today UniCredit Bank Czech Republic).
- 2005** Significant debt reduction to less than CZK 1 billion.
- 2006** For the first time, the Company produced more than two million radiators; separation of plastics manufacturing into a separate company and its subsequent sale; the subsidiary S.A.S. sold off; decision on investment in a fourth welding line.
- 2007** Investments launched in the fourth welding line and related machinery totalling nearly CZK 600 million. Management system in the largest subsidiary, KORADO Bulgaria, restructured and changed. Highest sales in history, amounting to CZK 2.725 billion.
- 2008** Completion of the second largest investment in the history of KORADO, a.s. and the largest investment since the construction of the new plant – construction and commissioning of the fourth welding line. Astronomical rise in steel prices to historic highs. Sharp decline in sales in the fourth quarter due to the start of the global economic recession. Subsidiary KORADO Baltija sold off.
- 2009** Significant impact of the global economic crisis, which was reflected in a year-on-year decline in revenues by 24 %. Consistent optimisation of working capital, which led to a significant improvement in the financial situation of the Company. Significant reduction in loan commitments. Yearly decline in bank loans by 40 %.
- 2010** Continuing economic crisis led to a further decline by 9 % in annual sales. A new capillary brazing furnace for KORALUX radiator was installed.
- 2011** Special payment instalment of the long-term bank loan was made of CZK 50 million. Production of a new low cost radiator introduced.
- 2012** Change in management effective from April. After several years of decline in sales, 2012 showed an increase in sales and the KORADO Group generated a profit again, reaching CZK 32 million.
- 2013** In October 2013, a contract was signed for the acquisition of LICON HEAT s.r.o. by the parent company. LICON HEAT s.r.o. is engaged in production of convectors, thereby further supplementing and expanding the Group's portfolio.
- 2014** KORADO Bulgaria implemented a secondary subscription of share capital on the Stock Exchange in Sofia and installed a second production line for panel radiators. Bank loans were refinanced and had been transferred to ČSOB.

- 2015** A new production line installed in the parent company for final completion of KORATHERM design radiators.
- 2016** KORADO Bulgaria launched new production line for bathroom radiators.
- 2017** On 10 January 2017, a transaction, which involved the transfer of all 220 shares owned by Ing. Bedřich Brabec (9.16 % share in the Company's share capital) directly to KORADO, a.s. has been finalized. The share price of KORADO Bulgaria reached BGN 6.852 per share at the end of the year, i.e. an increase of BGN 3.319 per share compared to the beginning of the year; the market capitalization reached CZK 1,182 million, compared to 1 January 2017 plus CZK 775 million. Furthermore, there was a massive reduction in indebtedness (bank loans were reduced by CZK 97 million), and this in a situation where the Group bought its own shares worth CZK 115 million, paid out dividends of CZK 46 million, paid investments of CZK 98 million and interest on loans of CZK 6 million.
- 2018** On 31 July 2018, an agreement for the acquisition of ThermWet s.r.o. by the parent company was signed. ThermWet s.r.o. engages in the production of central heating, thereby further complements and extends the portfolio of the Group. Purchase and installation of technology for the production of central gaskets for panel radiators.
- 2019** Revenues increased year-on-year and historically the lowest bank debt was achieved.
- 2020** The KORADO Group achieved very good results in 2020, despite the fact that the global economy was affected by the coronavirus pandemic and many manufacturers were forced to suspend operations. We managed to adapt the Company's operations in all areas to the applicable regulations and operations were not interrupted in any of our production plants. In this situation, the Group's profit reached CZK 56 million. The optimization of costs and the optimization of the financial situation contributed to the positive economic results, while the Group's indebtedness was again reduced and the Group's liquidity increased.
- 2021** In 2021, like other companies, we faced a difficult economic and geopolitical situation, affected not only by the Covid-19 pandemic. Initially, there were worldwide restrictions on the supply of materials due to its shortage, followed by a general disruption of supplier-customer relations, which resulted in an unprecedented rise in prices for all our inputs. Despite these limiting factors, all our production plants ensured smooth operation without major interruptions in operation, both due to lack of material and staffing restrictions due to increased absence due to illness or quarantine. Thanks to the constant optimization of working capital, costs and revenues, the KORADO Group maintained a robust financial situation and achieved a profit of CZK 123 mil.
- 2022** Even in 2022, like other manufacturers, we were struggling with a complex economic and geopolitical situation, influenced especially by the military conflict in Ukraine. This resulted in year-on-year decrease in sales by 5 %. The prices of inputs have increased due to the lack of some materials and at the same time there has also been a significant increase in energy prices, while the further development of input prices as well as supply and demand is very difficult to predict. Despite these limiting factors, smooth operation was ensured in all our production plants.
- 2023** At the end of 2023, a merger took place between the Czech subsidiary manufacturing companies LICON HEAT s.r.o. and Therm Wet s.r.o. The successor company is LICON HEAT, which is also being renamed to LICON s.r.o.
- 2024** Adverse market conditions negatively impacted financial results. The loss was caused not only by a decline in demand in the construction sector, to which our business is closely linked, but also by higher energy prices. Despite these circumstances, the KORADO group maintained a stable financial position with a low level of debt and stable financial assets.
- 2025** In 2025, significant changes took place in the parent company's management and governing bodies. Following the resignation of the Chief Executive Officer and the termination of his employment as at 30 November 2025, a selection procedure was launched to fill this key managerial position. The selection process for the new Chief Executive Officer was conducted with the aim of ensuring management continuity and stability in the Company's further strategic direction.

Approved for issue and signed on 18 May 2026



Ing. Aleš Bartůněk
Chairman of the Board of Directors



Ing. Tomáš Kollert, MBA
Director of Finance and Controlling



English translation

Independent Auditor's Report

To the shareholders of KORADO, a.s.

Our opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the consolidated financial position of KORADO, a.s., with its registered office at Bří Hubálků 869, Česká Třebová (the "Company") and its subsidiaries (together the "Group") as at 31 December 2025, and of the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2025 in accordance with IFRS Accounting Standards as adopted by the European Union, and
- the separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of the Company's financial performance and cash flows for the year ended 31 December 2025 in accordance with Czech accounting legislation.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2025,
- the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025,
- the consolidated statement of changes in equity for the year ended 31 December 2025,
- the consolidated statement of cash flows for the year ended 31 December 2025, and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

The separate financial statements of the Company comprise:

- the balance sheet as at 31 December 2025,
- the income statement for the year ended 31 December 2025,
- the statement of changes in equity for the year ended 31 December 2025,
- the statement of cash flows for the year ended 31 December 2025, and

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Prague 4, Czech Republic. T: +420 251 151 111

PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.

- the notes to the separate financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Company in accordance with the ethical requirements of the Act on Auditors that are relevant to audits of financial statements in the Czech Republic and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic. We have also fulfilled our other ethical responsibilities in accordance with the ethical requirements of the Act on Auditors and the IESBA Code.

Reporting on other information in the annual report

The Board of Directors is responsible for the other information. As defined in paragraph 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the consolidated and separate financial statements (together the "financial statements") and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information included in the annual report. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Group and the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the work undertaken in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Supervisory Board of the Company for the financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and for the preparation of the separate financial statements in accordance with Czech accounting legislation and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board of the Company is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicate with the Board of Directors and Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The original report is signed in the Czech language.

18 May 2026

PricewaterhouseCoopers Audit, s.r.o.
represented by Partner

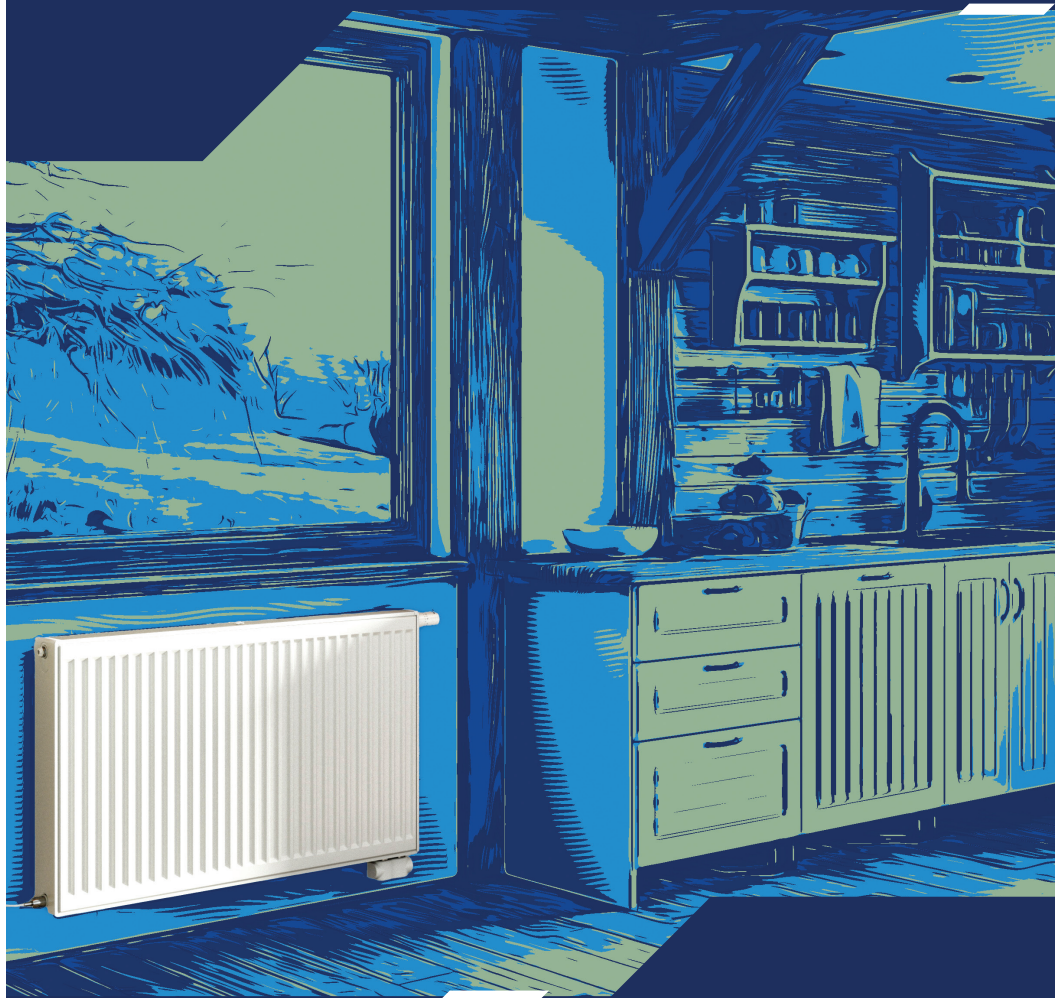
Jan Musil
Statutory Auditor, Licence No. 2629

Translation note

This version of our report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Czech version of our report takes precedence over this translation.



**31 December
2025**



KORADO GROUP

**CONSOLIDATED FINANCIAL
STATEMENTS ACCORDING TO
IFRS ACCOUNTING STANDARDS**

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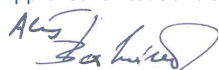
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KORADO GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

(CZK'000)	Note	31 December 2025	31 December 2024
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,043,509	1,083,102
Intangible assets	6	35,088	36,601
Right-of-use assets	7	57,329	63,761
Other non-current assets		4,923	5,007
Total non-current assets		1,140,849	1,188,471
Current assets			
Inventories	8	462,659	346,831
Receivables	9	92,743	65,231
Prepayments and other current assets	10	52,136	36,884
Income tax receivables	20	793	1,666
Cash and cash equivalents	11	270,558	409,270
Total current assets		878,889	859,882
Total assets		2,019,738	2,048,353
EQUITY AND LIABILITIES			
Equity			
Share capital	12	840,700	840,700
Own shares	12	(116,479)	(116,479)
Statutory fund	12	116,479	116,479
Retained earnings and other funds	12	460,315	528,655
Translation reserve		(49,634)	(41,582)
Total shareholders' equity attributable to equity holders of the parent		1,251,381	1,327,773
Non-controlling interest	22	51,675	53,535
Total shareholders' equity		1,303,056	1,381,308
Non-current liabilities			
Long-term borrowings	13	47,436	64,436
Lease liabilities	7	39,339	49,322
Other long-term debts		9,381	8,672
Deferred tax liabilities	20	92,493	103,042
Total non-current liabilities		188,649	225,472
Current liabilities			
Short-term borrowings	13	33,736	45,852
Lease liabilities	7	19,158	16,260
Trade and other payables	14	472,469	376,364
Provisions	14	2,533	2,618
Current income tax payable	20	137	479
Total current liabilities		528,033	441,573
Total equity and liabilities		2,019,738	2,048,353

Approved for issue and signed on 18 May 2025



Aleš Bartůněk
Chairman of the Board of Directors



Tomáš Kollert
Director of Finance and Controlling

The accompanying notes on pages 29 to 44 are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

(CZK'000)	Note	2025	2024
Revenues from sales of products and goods	15	1,532,745	1,561,342
Other operating income	18	16,584	18,165
Cost of materials, energy and purchased goods	16	(898,434)	(891,793)
Change in inventories	16	48,478	16,359
Depreciation and amortization	5,6,7	(104,503)	(103,943)
Wages and salaries	4	(474,245)	(427,498)
Purchased services	17	(166,678)	(171,894)
Other operating expenses	19	(29,071)	(35,690)
Operating profit / loss		(75,124)	(34,952)
Interest expense, net of capitalized interest		(6,117)	(10,166)
Interest income		3,038	1,712
Foreign exchange gains / (losses), net		3,821	493
Other financial expenses, net		(893)	(808)
Profit / (loss) before taxation		(75,275)	(43,721)
Income taxes	20	8,893	(3,094)
Profit / (loss) after taxation		(66,382)	(46,815)
Other comprehensive expense			
Items that may be reclassified subsequently to statement of income:			
Currency translation gains / (losses)		(10,140)	6,248
Items not to be reclassified subsequently to statement of income:			
Re-measurement losses on defined benefit plans		(273)	(1,192)
Total other comprehensive income		(10,413)	5,056
Total comprehensive income		(76,795)	(41,759)
Profit after income taxes attributable to:			
Equity holders of the parent company		(68,111)	(51,709)
Non-controlling interest	22	1,729	4,894
Profit / (loss) after taxation		(66,382)	(46,815)
Total comprehensive income attributable to:			
Equity holders of the parent company		(76,392)	(47,515)
Non-controlling interest	22	(403)	5,756
Total comprehensive income		(76,795)	(41,759)

KORADO GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

(CZK'000)	Share Capital	Own Shares	Translation Reserve	Statutory Fond	Retained Earnings and Other Funds	Total Equity Attributable to Equity Holders of the Parent	Non-controlling Interest	Total Shareholders' Equity
Balance as at 1 January 2024	840,700	(116,479)	(46,753)	116,479	581,341	1,375,288	56,555	1,431,843
Profit after taxation	-	-	-	-	(51,709)	(51,709)	4,894	(46,815)
Other comprehensive income	-	-	5,171	-	(977)	4,194	862	5,056
Total comprehensive income	-	-	5,171	-	(52,686)	(47,515)	5,756	(41,759)
Dividends	-	-	-	-	-	-	(8,776)	(8,776)
Balance as at 31 December 2024	840,700	(116,479)	(41,582)	116,479	528,655	1,327,773	53,535	1,381,308
Profit / (loss) after taxation	-	-	-	-	(68,111)	(68,111)	1,729	(66,382)
Other comprehensive income	-	-	(8,052)	-	(229)	(8,281)	(2,132)	(10,413)
Total comprehensive income	-	-	(8,052)	-	(68,340)	(76,392)	(403)	(76,795)
Dividends	-	-	-	-	-	-	(1,457)	(1,457)
Balance as at 31 December 2025	840,700	(116,479)	(49,634)	116,479	460,315	1,251,381	51,675	1,303,056

See Note 12 in the Notes

KORADO GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

(CZK'000)	Note	2025	2024
OPERATING ACTIVITIES			
Profit before taxation		(75,275)	(43,721)
Adjustments for:			
Depreciation and amortization	5,6,7	104,503	103,943
Interest income and interest expense, net		3,079	8,454
Changes in provisions, net	19	(2,309)	(115)
Foreign exchange gains / (losses), net		(3,821)	(493)
Gain / (loss) on sale of property, plant and equipment		(2,378)	(105)
Other non-cash movements		528	(962)
Changes in assets and liabilities:			
Inventories	8	(114,424)	(2,115)
Receivables and other current assets	9	(39,237)	9,839
Payables and other current liabilities	14	101,243	(3,252)
Income taxes (paid)	20	(2,575)	1,975
Net cash from operating activities		(30,666)	73,448
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	5,6	(56,514)	(51,759)
Proceeds from sale of property, plant and equipment		3,914	105
Interest received		3,038	1,712
Net cash used in investing activities		(49,562)	(49,942)
FINANCING ACTIVITIES			
Loan drawings	13	8,815	12,441
Repayments of debt	13	(37,865)	(26,412)
Payments of principal on leases	7	(18,865)	(16,495)
Change in lease obligation and other long-term payables		628	(1,231)
Dividends paid to non-controlling interest	12	(1,457)	(8,776)
Interest paid, net of capitalized interest		(3,660)	(6,286)
Payments of interest on leases	7	(2,457)	(3,880)
Net cash used in financing activities	11	(54,861)	(50,639)
Net (decrease)/increase in cash and cash equivalents		(135,089)	(27,133)
Cash and cash equivalents at beginning of year		409,270	434,569
Effect of exchange rate changes on cash and cash equivalents		(3,623)	1,834
Cash and cash equivalents at end of year	11	270,558	409,270

KORADO GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2025

1. KORADO Group and its operations

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union for the year ended 31 December 2025 for KORADO, a.s. (the "Company") and its subsidiaries (the "Group").

The Company was incorporated and is domiciled in the Czech Republic. The Company is a joint stock company limited by shares and was set up in accordance with Czech regulations.

The Group's principal business activities are manufacturing, installing and repairing central heating and ventilation. The Group's production facilities are based in Czech Republic and in Bulgaria.

The Company's registered address is Bří Hubálků 869, Česká Třebová, the Czech Republic.

These consolidated financial statements are presented in thousand Czech Crowns ("CZK"), unless stated otherwise.

KORADO, a.s. is the parent company of the KORADO Group ("the Group"), which includes the following subsidiaries over which the Company exercises control:

	31 December 2025 % of voting and equity share	31 December 2024 % of voting and equity share	Country of incorporation	Activity
KORADO Deutschland GmbH	100	100	Germany	Distribution of radiators
KORADO Polska, Sp. z o.o.	100	100	Poland	Distribution of radiators
KORADO Austria, GmbH.	100	100	Austria	Distribution of radiators
KORADO (UK) Limited	100	100	Great Britain	Distribution of radiators
KORADO Bulgaria, AD	82.15	82.15	Bulgaria	Manufacturing of radiators
LICON s.r.o.	100	100	Czech Republic	Manufacturing of convectors and recuperation units

2. Overview of significant accounting policies

Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union ("IFRS").

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except when IFRS require other measurement basis as disclosed in the accounting policies below. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement within applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed.

The consolidated financial statements have also been prepared on the going concern basis, as management believes it has access to sufficient financing to ensure the continuity of operations.

KORADO GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2025

Principles of consolidation

Identical accounting principles are used for similar transactions and other accounting events in the consolidated financial statements. If needed, adjustments are made to the financial statements of subsidiaries so that the accounting procedures used correspond to the requirements and procedures used by the Group.

Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred.

The consolidated financial statements are expressed in Czech crowns (CZK), which is the Company's functional and reporting currency. Each company included in the Group has its own functional currency in which it measures the items included in its financial statements.

Transactions in foreign currencies of the Group companies are accounted for as translated into their functional currency using the daily exchange rate. Gains and losses arising from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The assets and liabilities of foreign subsidiaries are translated into the reporting currency using exchange rate valid as at the balance sheet date. Items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of foreign subsidiaries are translated into the reporting currency at the average exchange rate for the current year. Equity items are translated into the reporting currency at historical rates. Exchange differences arising on retranslation are taken directly to other comprehensive income.

Goodwill related to the acquisition of a foreign entity is recorded as an asset of the acquiree and is translated at the exchange rate valid at the balance sheet date.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. Valuation techniques are used to determine the fair value of financial instruments that are not traded in an active market. The Group makes assumptions based on market conditions existing at each balance sheet date.

The carrying amounts of current financial assets and current financial liabilities approximate their fair values. The carrying amount of non-current financial assets and liabilities also approximates their fair value, which has been determined as the present value of future cash flows based on market interest rates at the balance sheet date and which qualifies for Level 2 under IFRS 13.

Business combinations and goodwill

Business combinations are accounted for using the purchase method at the acquisition date, which is the date on which the Group obtains control.

Goodwill is initially measured at the difference between the consideration paid plus the value of any non-controlling interests and the fair value of the identifiable assets acquired and liabilities assumed, excluding goodwill arising on the acquisition of KORADO Bulgaria AD (see below). If the consideration is less than the fair value of the net assets of the subsidiary being acquired ("negative goodwill"), the difference is charged directly to profit or loss.

The goodwill arising at 1 January 2004 in connection with the inclusion of KORADO Bulgaria AD in the consolidated financial statements of the KORADO Group was measured at the date of transition to IFRS according to the rules set out in IFRS 1, the "deemed cost", which represents the difference between the cost of the investment as stated in the parent company's unconsolidated financial statements and the parent company's share of the carrying amount of the assets and liabilities of the subsidiary. Goodwill is subsequently tested annually for impairment.

Since most of the consolidated subsidiaries were established by the Parent Company, no goodwill is recorded in the consolidated financial statements except for the goodwill arising on acquisition of KORADO Bulgaria AD and ThermWet s.r.o (now part of LICON s.r.o).

Property, plant and equipment

Tangible fixed assets are stated at cost less accumulated depreciation and any write-downs reflecting temporary impairment. Land is not depreciated.

Depreciation is provided using the straight-line method at rates based on the following estimated useful lives:

	Years
Buildings, halls and constructions	30–50
Computers	4
Machinery and equipment	8–20
Vehicles	4–8
Other tangible fixed assets	2–4

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Assets that are depreciated are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped by the lowest level for which there is a largely independent cash flow (cash-generating units). Prior

KORADO GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2025

impairment of non-financial assets (other than goodwill) is reviewed for possible reversal at each balance sheet date.

Right-of-use assets

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives.

Intangible assets and Goodwill

Intangible assets are initially measured at cost, which includes acquisition-related costs. Intangible assets are amortised on a straight-line basis over their estimated useful lives, up to a maximum of 6 years. The amortisation period and the amortisation method are reviewed annually, always at the end of the financial year.

Goodwill is not amortised. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. The carrying amount of a cash-generating unit containing goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognised immediately as an expense.

Inventories

Inventories, including work-in-progress, are valued at the lower of cost and net realizable value. Net realizable value is based on the normal selling price, less further costs expected to be incurred to complete and sell the stock. Cost of purchased inventory is determined on the basis of actual cost. Cost of finished goods and work-in-progress is determined on the basis of own costs. Inventory consumption is determined with the use of the weighted average method.

Accounts receivable

Trade and other receivables are initially recognized at the transaction price and are subsequently carried reduced by an impairment provision for uncollectible amounts.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which determined a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2025 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Cash and cash equivalents

Cash includes cash in hand and cash at banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Non-controlling interest

The Group measures the non-controlling interest at the acquisition date as its share of the fair value of the identifiable net assets. Non-controlling interest represents a separate item of Group's Equity.

The Group measures the non-controlling interest at the acquisition date as a proportion of the fair value of the identifiable net assets.

The Group considers transactions with non-controlling interests that do not result in a loss of control to be transactions with the owners of the Group's shares. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to the non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of the KORADO Group.

Trade and other payables

Trade payables are initially recognised at fair value and subsequently recognised at accrued value using the effective interest rate.

Lease liabilities

Lease liabilities are initially measured on a net present value basis.

Renewal options (or options for periods after termination) are included in the lease term only if it is reasonably certain that the lease will be renewed (or not terminated).

Lease payments are discounted using an implicit interest rate. Where this rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used, which is the rate that the lessee would have to pay to borrow the funds necessary to acquire an asset of similar value to a right-of-use asset in a similar economic environment with similar terms, for the same length of time and with similar collateral.

The Group is exposed to potential future increases in variable lease payments based on an index or rate that are not included in the lease liability until they take effect. If the index or rate-based lease payment adjustments take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are split between principal and finance charges. Finance costs are charged to profit or loss over the term of the lease to produce a constant periodic rate of interest on the remaining liability for each period.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2025

Payments related to short-term leases of equipment and vehicles and all leases of low-value assets are recognised as an expense in profit or loss on a straight-line basis. A short-term lease is a lease with a lease term of 12 months or less. Small assets consist mainly of IT equipment and small items of office furniture with a value of CZK 300 thousand or less.

Loans and borrowings

All loans and borrowings are initially measured at the fair value of the consideration received less direct transaction costs. Subsequently, loans and borrowings are measured at accrued value using the effective interest method. The related gains or losses are charged to profit or loss when the liabilities are derecognised or amortised.

A short-term loan is also considered to be a portion of a long-term loan that is repayable within one year of the balance sheet date or for which a breach of contractual terms has occurred and forgiveness of the breach has not been obtained before the end of the financial year.

Provisions

Additions to/deductions from provisions are accounted for as increases/decreases in the relevant expense account.

Revenue recognition

The Group manufactures and sells a range of heaters in the wholesale and retail market. Revenue is recognised at the transaction price. Revenue is recognised net of discounts, returns and value added tax. The estimate of the determination of discounts is based on experience using the expected value method. A liability for refunds (included in trade and other payables) is recognised for expected volume discounts payable to customers in respect of sales made up to the end of the financial year.

Revenue is recognised when the date of delivery to the customer and transfer of control of the products/goods has occurred. The Group does not provide any services directly related to the products and goods sold.

The financing element is not included in sales as sales are made with a maturity of 30 to 60 days, which is in line with market practice. The Group's obligation to repair or replace defective products under standard warranty terms is recognised as a provision.

Income taxes

The provision for corporate tax is calculated in accordance with local tax jurisdictions of respective countries. For Czech entities corporate tax is calculated in accordance with Czech tax regulations and is based on the income or loss reported under Czech accounting regulations, adjusted for appropriate permanent and temporary differences from Czech taxable income. In the Czech Republic, income taxes are calculated on an individual company basis as the tax laws do not permit consolidated tax returns. The income tax payable as of 31 December 2025, is

calculated at a rate of 21% from accounting profit after adjustments for certain items that are not deductible for tax purposes. Income tax payable in Bulgaria is calculated at an income tax rate of 10%.

Certain items of income and expense are recognized in different periods for tax and financial accounting purposes. Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes are provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates (and tax legislation) enacted or substantially enacted at the balance sheet date.

Deferred tax assets and liabilities are recognized regardless of when the timing difference is likely to reverse. Deferred tax assets and liabilities are not discounted and are classified as non-current assets (liabilities) in the consolidated statement of financial position. Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. A deferred tax liability is recognized for all taxable temporary differences.

Offsetting of deferred tax assets and deferred tax liabilities is possible when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax liabilities with current tax assets and pay the resulting net amount.

Government grants

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. Government grants relating to costs are deferred and recognized in profit or loss for the year as other income over the period necessary to match them with the costs that they are intended to compensate.

Contingent liabilities and assets

Contingent liabilities are not recognized in the statement of financial position. They are disclosed in the notes to the financial statements only when it is probable that resources will be used in connection with them.

A contingent asset is not recognized in the statement of financial position but disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2025

Subsequent events after balance sheet date

Subsequent events that provide additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities within the next year are discussed below:

Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational circumstances and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

3. Adoption of new or revised standards and interpretations

The following new and amended standards will become effective for the Group from 1 January 2027:

IFRS 18 Presentation and Disclosures in Financial Statements (issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027).

The Group is currently assessing the impact of these amendments on its financial statements.

Certain new standards and interpretations have been issued that are not mandatory for the financial year ending 31 December 2025 and have not been early adopted by the Group. The Group does not expect the new standards and interpretations to have a material impact on the Group's consolidated financial statements.

4. Balances and transactions with related parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Czech state is a shareholder of the Group. The Group decided to apply the exemption from disclosure of individually insignificant transactions and balances with the government and parties that are related to the entity because the Czech state has control, joint control or significant influence over such party. Transactions with the state also include taxes which are detailed in Notes 10, 14 and 20.

In 2025 and 2024 short-term employee benefits (salaries and bonuses including social and health insurance) related to management personnel of Group companies (34 and 34 people in total, respectively) amounted to CZK 103,367 thousand and CZK 95,640 thousand, respectively.

In 2025 and 2024 members of Board of Directors and Supervisory Board of the Company received remuneration of CZK 3,868 thousand and CZK 6,255 thousand, respectively.

In 2025, personnel costs related to the termination of employment contracts amounting to CZK 23,845 thousand (2024: CZK 17,921 thousand) were paid.

KORADO GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2025

5. Property, plant and equipment

Movements in the carrying amount of property, plant and equipment were as follows:

(In thousands of CZK)	Land	Buildings	Plant and equipment	Other	Construction in progress	Total
Cost at 1 January 2024	37,534	1,808,698	3,135,923	103,556	51,196	5,136,907
Accumulated depreciation	-	(1,048,418)	(2,875,632)	(87,719)	-	(4,011,769)
Carrying amount at 1 January 2024	37,534	760,280	260,291	15,837	51,196	1,125,138
Additions	-	257	17,228	330	24,759	42,574
Disposals	-	-	(4,391)	-	-	(4,391)
Depreciation charge	-	(38,051)	(42,533)	(2,920)	-	(83,504)
Transfers	-	-	4,390	-	(4,390)	-
Effect of translation to presentation currency	96	372	2,289	-	528	3,285
Carrying amount at 31 December 2024	37,630	722,858	237,274	13,247	72,093	1,083,102
Cost at 31 December 2024	37,630	1,810,147	3,152,922	103,882	72,093	5,176,673
Accumulated depreciation	-	(1,087,289)	(2,915,648)	(90,634)	-	(4,093,571)
Carrying amount at 1 January 2025	37,630	722,858	237,274	13,247	72,093	1,083,102
Additions	-	5,345	14,908	3,857	26,193	50,303
Disposals	(17)	-	(220)	-	(14)	(251)
Depreciation charge	-	(38,188)	(41,863)	(3,309)	-	(83,360)
Transfers	-	5,551	39,663	-	(45,214)	-
Effect of translation to presentation currency	(196)	(728)	(4,270)	(2)	(1,089)	(6,285)
Carrying amount at 31 December 2025	37,417	694,838	245,492	13,793	51,969	1,043,509
Cost at 31 December 2025	37,417	1,818,604	3,182,778	107,723	51,969	5,198,491
Accumulated depreciation	-	(1,123,766)	(2,937,286)	(93,930)	-	(4,154,982)
Carrying amount at 31 December 2025	37,417	694,838	245,492	13,793	51,969	1,043,509

At 31 December 2025 buildings, lands and machines carried at CZK 507,155 thousand (at 31 December 2024: CZK 520,846 thousand) have been pledged to third parties as collateral for borrowings. See Note 21.

KORADO GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2025

6. Intangible assets

Movements in the carrying amount of intangible assets were as follows:

(In thousands of CZK)	Software	Trademark	Customer contracts	Intangible fixed assets in the course of construction	Goodwill	Total
Cost at 1 January 2024	216,959	4,218	2,716	1,028	21,674	246,595
Accumulated amortization	(208,383)	(4,218)	(2,716)	-	-	(215,317)
Carrying amount at 1 January 2024	8,576	-	-	1,028	21,674	31,278
Additions / transfers	1,505	-	-	7,732	-	9,237
Amortization charge	(4,149)	-	-	-	-	(4,149)
Effect of translation to presentation currency	8	-	-	-	227	235
Carrying amount at 31 December 2024	5,940	-	-	8,760	21,901	36,601
Cost at 31 December 2024	196,969	4,218	2,716	8,760	21,901	234,564
Accumulated amortization	(191,029)	(4,218)	(2,716)	-	-	(197,963)
Carrying amount at 1 January 2025	5,940	-	-	8,760	21,901	36,601
Additions / transfers	10,202	-	-	(7,538)	-	2,664
Amortization charge	(3,706)	-	-	-	-	(3,706)
Effect of translation to presentation currency	(4)	-	-	-	(466)	(470)
Carrying amount at 31 December 2025	12,432	-	-	1,222	21,435	35,089
Cost at 31 December 2025	207,127	4,218	2,716	1,222	21,435	236,718
Accumulated amortization	(194,695)	(4,218)	(2,716)	-	-	(201,629)
Carrying amount at 31 December 2025	12,432	-	-	1,222	21,435	35,089

KORADO GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2025

7. Right-of-use assets and lease liabilities

The Group leases various premises, equipment and vehicles. Rental contracts are typically made for fixed periods of 4 to 7 years.

The statement of the consolidated financial position shows the separate line item for the right-of-use assets, which comprises the following:

(In thousands of CZK)	Building	Plant and equipment	Total
Carrying amount at 1 January 2024	57,098	8,546	65,644
Additions	7,937	5,338	13,275
Effect of translation to presentation currency	1,230	-	1,230
Depreciation charge	(11,655)	(4,733)	(16,388)
Carrying amount at 31 December 2024	54,610	9,151	63,761
Additions	10,178	421	10,559
Effect of translation to presentation currency	1,181	-	1,181
Depreciation charge	(13,302)	(4,910)	(18,212)
Carrying amount at 31 December 2025	52,667	4,662	57,329

The statement of the consolidated financial position shows the separate line item for the lease liabilities, which comprises the following:

(In thousands of CZK)	31 December 2025	31 December 2024
Short-term portion	19,158	16,260
Long-term portion	39,339	49,322
Lease liabilities	58,497	65,582

Interest expense included in finance costs of 2025 was CZK 2,457 thousand (2024: CZK 3,880 thousand).

Expenses relating to short-term leases (included in Purchased services) and to leases of low-value assets that are not shown as short-term leases (included in Purchased services):

(In thousands of CZK)	2025	2024
Expense relating to leases of low-value assets	3,087	4,100
Expense relating to short-term leases	1,462	820
Total	4,549	4,920

Total cash outflow for leases in 2025 was CZK 21,322 thousand (2024: CZK 20,375 thousand).

8. Inventories

(In thousands of CZK)	31 December 2025	31 December 2024
Raw materials	314,110	246,760
Work in progress	23,339	17,065
Finished products	125,210	83,006
Total inventories	462,659	346,831

Excess, obsolete and slow-moving inventory has been reduced through the allowance account of CZK 10,714 thousand (at 31 December 2024: CZK 12,118 thousand). The allowance is determined by management based on the aging analysis of inventory and the estimated net realizable value.

9. Receivables

(In thousands of CZK)	31 December 2025	31 December 2024
Trade receivables	89,334	60,020
Advances paid	6,121	8,516
Other	190	414
Less trade receivables provision	(2,902)	(3,719)
Total trade and other receivables	92,743	65,231

Receivables of CZK 74,548 thousand (at 31 December 2024: CZK 51,220 thousand) have been pledged as collateral for borrowings. See Note 21.

Movements in the provision for trade receivables are as follows:

(In thousands of CZK)	2025 Trade receivables	2024 Trade receivables
Provision for impairment at 1 January	3,719	3,654
Additions	(791)	65
Amounts written off as uncollectible	-	-
Reversals	(26)	-
Provision for impairment at 31 December	2,902	3,719

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2025

Trade receivables of CZK 84,210 thousand (at 31 December 2024: CZK 55,004 thousand) net of impairment provisions are denominated in foreign currency, mainly 88% in Euro (at 31 December 2024: 77%).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

Matrix of impairment for trade receivables at carrying amount as at 31 December 2025:

(In thousands of CZK) Gross value in %	Expected losses	Gross carrying amount	Allowance
Trade receivables			
· Due	0 %	77,757	-
· Up to 90 days overdue	3 %	8,690	-
· 91 to 180 days overdue	100 %	-	-
· 181 to 360 days overdue	100 %	26	(15)
· Over 360 days overdue	100 %	2,862	(2,862)
Total trade receivables (gross carrying amount)		89,334	
Allowance		(2,902)	
Total trade receivables (carrying amount)		86,432	

Matrix of impairment for trade receivables at carrying amount as at 31 December 2024:

(In thousands of CZK) Gross value in %	Expected losses	Gross carrying amount	Allowance
Trade receivables			
- due	0 %	50,007	-
- up to 90 days overdue	3 %	5,862	-
- 91 to 180 days overdue	100 %	975	(543)
- 181 to 360 days overdue	100 %	132	(132)
- over 360 days overdue	100 %	3,044	(3,044)
Total trade receivables (gross carrying amount)		60,020	
Allowance		(3,719)	
Total trade receivables (carrying amount)		56,301	

10. Prepayments and other current assets

(In thousands of CZK)	31 December 2025	31 December 2024
VAT receivables	42,378	25,336
Prepayments and other current assets	9,758	11,548
Total prepayments and other current assets	52,136	36,884

11. Cash and cash equivalents

(In thousands of CZK)	31 December 2025	31 December 2024
Bank balances payable on demand	270,057	408,857
Cash in hand	501	413
Total cash and cash equivalents	270,558	409,270

The credit quality of bank balances may be summarized as follows:

(In thousands of CZK)	31 December 2025	31 December 2024
	Bank balances payable on demand	Bank balances payable on demand

Neither past due nor impaired

- A*	267,814	406,313
- B**	2,243	2,544
Total	270,057	408,857

* includes Moody's A1, A3 rating, Fitch A rating

** includes Fitch BB+ rating

12. Share capital

The Company's issued share capital is CZK 840,700 thousand (at 31 December 2024: CZK 840,700 thousand).

The total authorized number of ordinary shares 2,402 shares (at 31 December 2024: 2,402 shares) with a par value of CZK 350 thousand per share (at 31 December 2024: CZK 350 thousand per share). All issued ordinary shares are fully paid. Each ordinary share carries equal voting rights.

KORADO GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2025

The shareholders:

(in %)	31 December 2025	31 December 2024
Menclík František (resp. in inheritance proceeding)	-	9.16
Menclík Miloš	4.58	-
Pechancová Ludmila	4.58	-
Petr Ludvík	9.16	9.16
Vobora Miroslav	9.16	9.16
KORADO, a.s.	9.16	9.16
European Bank for Reconstruction & Development	29.14	29.14
Ministry of Finance, Czech Republic	34.22	34.22
Total	100.00	100.00

There were no dividends paid to shareholders in 2025 and 2024.

In January 2017 the purchase of own shares in the amount of 220 pcs was realized for the price of CZK 115 million. The Company holds shares for resale. As a result of the purchase of own shares, Company created a statutory fund of CZK 116,479 thousand, which includes the value of own shares in the amount of CZK 115 million and other acquisition costs of CZK 1,479 thousand.

In accordance with Czech legislation, on 10 June 2025, the general meeting of shareholders approved the Company's financial statements for 2024. The Company decided to cover the loss based on the separate statutory statements for 2024 in the amount of CZK 12,550 thousand from the retained earnings of previous years.

The profit share paid by a subsidiary to non-controlling interest for the year 2024 and first half of 2025 amounted to CZK 1,457 thousand (2024: CZK 8,776 thousand).

13. Borrowings

(In thousands of CZK)	31 December 2025	31 December 2024
Term loans	81,158	110,209
Other non-bank loans	14	81
Total borrowings	81,172	110,290

(In thousands of CZK)	31 December 2025	31 December 2024
Current		
Term loans	33,722	45,771
Other non-bank loans	14	81
Total current borrowings	33,736	45,852

(In thousands of CZK)	31 December 2025	31 December 2024
Non-current		
Term loans	47,436	64,436
Total non-current borrowings	47,436	64,436
Total borrowings	81,172	110,290

The Group's borrowings are denominated in currencies as follows:

(In thousands of CZK)	31 December 2025	31 December 2024
Borrowings denominated in:		
CZK	5,737	25,014
EUR	75,435	85,276
Total borrowings	81,172	110,290

Property, plant and equipment and receivables are pledged as collateral for borrowings of CZK 581,702 thousand (at 31 December 2024: CZK 581,981 thousand). See Notes 5, 9 and 21.

The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in immediate loan maturity. The Group was in compliance with covenants at 31 December 2025 and 31 December 2024.

KORADO GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2025

Reconciliation of net debt and liabilities arising from financing activities

The table below sets out an analysis of the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

(In thousands of CZK)	Liabilities from financing activities			Total
	Borrowings	Lease liabilities	Other liabilities from financing activities	
Liabilities from financing activities at 1 January 2024	124,167	67,571	3,423	195,161
Cash payments	(26,412)	(16,495)	(3,341)	(46,248)
Liabilities drawings	12,441	-	-	12,441
Interest accrued	6,286	3,880	-	10,166
Interest paid	(6,286)	(3,880)	-	(10,166)
New leases	-	13,276	-	13,276
Foreign exchange adjustments	13	1,230	-	1,243
Liabilities from financing activities at 31 December 2024	110,209	65,582	82	175,873
Cash payments	(37,865)	(18,865)	(68)	(56,798)
Liabilities drawings	8,815	-	-	8,815
Interest accrued	3,660	2,457	-	6,117
Interest paid	(3,660)	(2,457)	-	(6,117)
New leases	-	10,559	-	10,559
Foreign exchange adjustments	(1)	1,221	-	1,220
Liabilities from financing activities at 31 December 2025	81,158	58,497	14	139,669

14. Trade and other payables

(In thousands of CZK)	31 December 2025	31 December 2024
Trade payables	173,459	105,041
Refund liabilities for volume discounts	178,721	173,759
Payables to employees	52,826	45,926
Tax payables	4,412	4,905
Accrued expenses and other current liabilities	63,051	46,733
Total trade and other payables	472,469	376,364
Provisions	2,533	2,618

Trade payables of CZK 192,035 thousand (at 31 December 2024: CZK 141,276 thousand) are denominated in foreign currency, mainly 95% in Euro (at 31 December 2023: 91%).

The Company is a party to a lawsuit concerning the protection of trademark rights. The Company has assessed the risks arising from the litigation and has decided not to record a provision for the litigation.

15. Revenues from sales of products and goods by categories

(In thousands of CZK)	2025	2024
Sales of radiators	1,373,325	1,411,444
Sales of convectors	80,774	89,154
Sales of accessories	59,308	38,224
Ventilation and recuperation units	14,034	18,384
Other sales	5,304	4,049
Total revenue	1,532,745	1,561,342

Other sales include mainly sales of services.

(In thousands of CZK)	2025	2024
Domestic sales	642,933	629,286
Export	889,812	932,056
· Export – EU	832,593	855,008
· Export – other	57,219	77,048
Total	1,532,745	1,561,342

KORADO GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2025

16. Cost of materials, energy and purchased goods

(In thousands of CZK)	2025	2024
Material deliveries	771,719	730,180
Energy	70,830	80,832
Purchased goods	55,885	67,565
Total	898,434	878,577

Purchased goods include different specialized products purchased that represent a part of the range of products offered to the customers.

17. Purchased services and rental expenses

(In thousands of CZK)	2025	2024
Repairs and maintenance	7,808	9,154
Rent	4,549	4,920
Traveling and training expenses	8,868	10,227
Marketing	25,919	40,811
Transportation expenses	36,740	31,931
Legal and advisory services (incl. 2025: CZK 2,678 thousand, 2024: CZK 3,021 thousand for audit services)	15,282	15,550
Operational services (Cooperation, IT services)	40,382	39,697
Other	27,130	19,604
Total	166,678	171,894

The Other item mainly includes costs for recruiting employees, testing laboratory and sewage services.

18. Other operating income

(In thousands of CZK)	2025	2024
Income from write off of receivables and insured receivables	70	105
Gain on sale of fixed assets	2,378	105
Subsidies received	1,787	3,027
Income from sale of scrap	4,359	4,682
Other	7,990	10,246
Total	16,584	18,165

The item Other includes mainly revenues from sale of material, received compensations and lease revenues.

19. Other operating expenses

(In thousands of CZK)	2025	2024
Receivables and loans written off	742	1
Change in impairment provisions and provisions, net	(2,309)	(115)
Taxes and levies	4,166	3,038
Insurance	10,112	12,136
Other	16,360	20,630
Total	29,071	35,690

The item Other includes mainly expenses for sale of material, material disposal and complaints costs.

20. Taxes

a) Components of income tax expense

Income tax expense comprises the following:

(In thousands of CZK)	2025	2024
Current tax	1,656	3,421
Deferred tax	(10,549)	(327)
Income tax expense for the year	(8,893)	3,094

b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the majority of the Group's 2025 and 2024 is 21%. The income tax rate applicable to the majority of income of subsidiaries ranges from 10% to 21% (2024: from 10% to 19%). A reconciliation between the expected and the actual taxation charge is provided below.

(In thousands of CZK)	2025	2024
Profit before tax	(75,275)	(43,721)
Statutory income tax rate	21%	21%
"Expected" income tax expense	(15,808)	(9,181)
Add / (deduct) tax effect of:		
Non-deductible expenses	5,663	8,112
Different tax rate in other countries	(1,474)	(3,349)
Other	2,726	(7,512)
Actual income tax expense	(8,893)	3,094
Effective tax rate	12%	(7%)

KORADO GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2025

c) Deferred tax or tax loss carry forwards

The Group has unrecognized potential deferred tax assets in respect of unused tax loss carry-forwards of CZK 10,695 thousand (at 31 December 2024: CZK 11,453 thousand). This tax loss relates to subsidiaries where it is not probable the losses will be utilized.

Deferred income taxes at 31 December 2025 and 2024 consist of the following:

(In thousands of CZK)	31 December 2025	31 December 2024
Receivables impairment provision	5	58
Inventory impairment provision	110	2,545
Provisions	1,698	1,304
Right-of-use assets	19,158	14,817
Other	763	31
Total deferred tax assets	21,734	18,755
Total deferred tax asset for offset with liability	21,734	18,755
Difference between net book value of non-current assets for accounting and tax purposes	(95,069)	(105,537)
Lease liabilities	(19,158)	(16,260)
Total deferred tax liabilities	(114,227)	(121,797)
Offset with deferred tax assets	21,734	18,755
Deferred tax liabilities in the Statement of Financial Position	92,493	103,042

Movements in deferred tax liability, net were as follows:

(In thousands of CZK)	2025	2024
As at 1 January	103,042	103,369
Change in deferred tax recorded in statement of profit or loss	(10,549)	(327)
As at 31 December	92,493	103,042

21. Contingencies and commitments

Assets pledged and restricted.

At 31 December 2025 the Group has the following assets pledged as collateral:

(In thousands of CZK)	Note	31 December 2025 Asset pledged	31 December 2024 Asset pledged
Property	5	11,637	11,637
Buildings, halls and constructions	5	495,517	509,209
Receivables	9	74,548	61,135
Total		581,702	581,981

22. Non-controlling interest

Increase of share capital in subsidiary KORADO Bulgaria AD

In 2014, the subsidiary KORADO Bulgaria AD decided to increase share capital and offered 2,576,786 new shares in public offering for the total amount of BGN 7,086 thousand. The issue price for one share was BGN 2.75 (nominal value of shares is BGN 1.00). All new shares were subscribed in December 2014.

As at the end of the year, the share price of KORADO Bulgaria AD amounted to 4.18 BGN/pcs. Market capitalization amounted to CZK 682 million (at 31 December 2024: CZK 746 million).

The following table shows summarized financial information of the subsidiary KORADO Bulgaria AD as at 31 December 2025 and 2024:

(In thousands of CZK)	31 December 2025	31 December 2024
Ownership share of non-controlling interest	17.85%	17.85%
Non-current assets	162,353	175,242
Current assets	264,549	191,930
Non-current liabilities	(9,381)	(8,672)
Current liabilities	(128,038)	(58,596)
Equity	289,483	299,904
Attributable to:		
Equity holders of parent company	237,808	246,369
Non-controlling interests	51,675	53,535

(In thousands of CZK)	2025	2024
Revenues	480,513	446,052
Profit after income taxes	9,687	27,419
Attributable to:		
Equity holders of parent company	7,958	22,525
Non-controlling interest	1,729	4,894
Total comprehensive income	(2,257)	32,247
Attributable to:		
Equity holders of parent company	(1,854)	26,491
Non-controlling interest	(403)	5,756

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2025

23. Financial risk management

The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

Credit risk. The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Limits on the level of credit risk are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

The Group's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide ageing and other information about credit risk as disclosed in Note 9.

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity instruments, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is regularly monitored. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated - for example, changes in interest rate and changes in foreign currency rates.

Currency risk. In respect of currency risk, management sets limits on the level of exposure by currency and in total. The positions are monitored monthly.

The Group enters into some contracts denominated in foreign currencies. The Group has transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the functional currency. The foreign currency accounts receivable and payable represent an exchange rate risk for the Group. At 31 December 2025 and 2024, the Group did not have any exchange rate hedges in place to mitigate the overall foreign currency exposure.

The following tables demonstrate the sensitivity to a reasonably possible change in the exchange rates between functional currencies and foreign currencies, with all other variables held constant, of the Group's profit before tax (due to the change in the fair value of monetary assets and liabilities):

(In thousands of CZK)	2025		2024	
	Increase/decrease in exchange rate *	Effect on profit / loss before tax	Increase/decrease in exchange rate *	Effect on profit / loss before tax
EUR	+ 5 %	(5,561)	+ 5 %	(2,777)
PLN	+ 5 %	612	+ 5 %	1,240
BGN	+ 5 %	(293)	+ 5 %	1,296
EUR	(5) %	5,561	(5) %	2,777
PLN	(5) %	(612)	(5) %	(1,240)
BGN	(5) %	293	(5) %	(1,296)

* Increase means depreciation of functional currency against foreign currency. Decrease means appreciation of functional currency (CZK) against foreign currency.

The changes in exchange rates USD/CZK and GBP/CZK were not included in the table above due to its insignificance.

Interest rate risk. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates (see Note 13). The floating interest rate is mostly based on PRIBOR and

EURIBOR rates and for the Československá obchodní banka, a.s. loans it amounted to 2.85% as at 31 December 2025 and 3.82% as at 31 December 2024, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2025

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/loss before tax (through the impact on floating rate borrowings). There is no impact on the Group's equity and the impact of capitalized interest is not reflected:

(In thousands of CZK)	2025		2024	
Increase/decrease in basis points		Effect on profit / loss before tax	Increase/decrease in basis points	Effect on profit / loss before tax
200		(1,623)	200	(2,204)
(200)		1,623	(200)	2,204

Liquidity risk. The Group monitors its risk of shortage of funds by considering the maturity of both its financial assets and financial liabilities and expected cash flows from operations.

The Group uses bank overdrafts to meet its short-term cash needs and long-term bank loans to finance its long-term investments.

The tables below summarize the maturity profile of the Group's financial liabilities as at 31 December 2025 and 2024 based on contractual undiscounted payments (principal and interest) provided that the Group meets the loan agreement covenants:

(In thousands of CZK)		Less than 3 months	3–12 months	1–5 years	Over 5 years	Total
31 December 2025						
Bank and other loans		4,078	31,204	49,633	-	84,915
Lease liabilities		5,134	15,404	40,598	-	61,136
Trade payables		352,180	-	-	-	352,180
Total		361,392	46,608	90,231	-	498,231
31 December 2024						
Bank and other loans		5,662	42,949	65,856	3,865	118,332
Lease liabilities		4,522	13,565	51,539	-	69,626
Trade payables		278,800	-	-	-	278,800
Total		288,984	56,514	117,395	3,865	466,758

24. Management of capital

The Group's main objective in managing capital is to maintain an optimal level of capital ratios that will ensure the development of its business activities, the maximum value for shareholders and the fulfilment of terms and conditions of credit agreements with banks. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The amount of capital that the Group managed as of 31 December 2025 was CZK 1,251,381 thousand (at 31 December 2024: CZK 1,327,773 thousand).

The Group has complied with all externally imposed capital requirements throughout 2025 and 2024. These are set out in the Group's loan agreements based on which the Group is required to maintain adjusted equity ratio (equity including non-controlling interest) above 58% and net debt/EBITDA ratio less than 3.2.

25. Fair value disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Other non-current assets

The carrying amount of other non-current assets approximates fair value.

Trade receivables, trade payables and other current liabilities

The carrying amount of trade receivables, trade payables and other current liabilities approximates fair value due to the short-term maturity of these financial instruments.

KORADO GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2025

Short-term debt

The carrying amount of short-term debt approximates fair value because of the short period to maturity of those instruments.

Long-term debt

The determination of fair value of long-term debt is based on the quoted market price for the same or similar debt instruments or on the current rates available for debt with the same maturity profile. The fair value of long-term debt and other payables with variable interest rates approximates their carrying amounts.

Carrying amounts and the estimated fair values of financial instruments as at 31 December 2025 were as follows:

(In thousands of CZK)	Carrying amount	Fair value
Assets		
Other non-current assets	4,923	4,923
Accounts receivable, net	92,743	92,743
Cash and cash equivalents	270,558	270,558
Liabilities		
Trade payables and other current liabilities	352,180	352,180
Short-term borrowings	33,736	33,736
Long-term debt, net of current portion	47,436	47,436

Carrying amounts and the estimated fair values of financial instruments as at 31 December 2024 were as follows:

(In thousands of CZK)	Carrying amount	Fair value
Assets		
Other non-current assets	5,007	5,007
Accounts receivable, net	65,231	65,231
Cash and cash equivalents	409,270	409,270
Liabilities		
Trade payables and other current liabilities	278,800	278,800
Short-term borrowings	45,852	45,852
Long-term debt, net of current portion	64,436	64,436

26. Events after the reporting period

As of January 31, 2026, Mr. František Hamáček resigned from the position of member of the Board of Directors of the parent company.

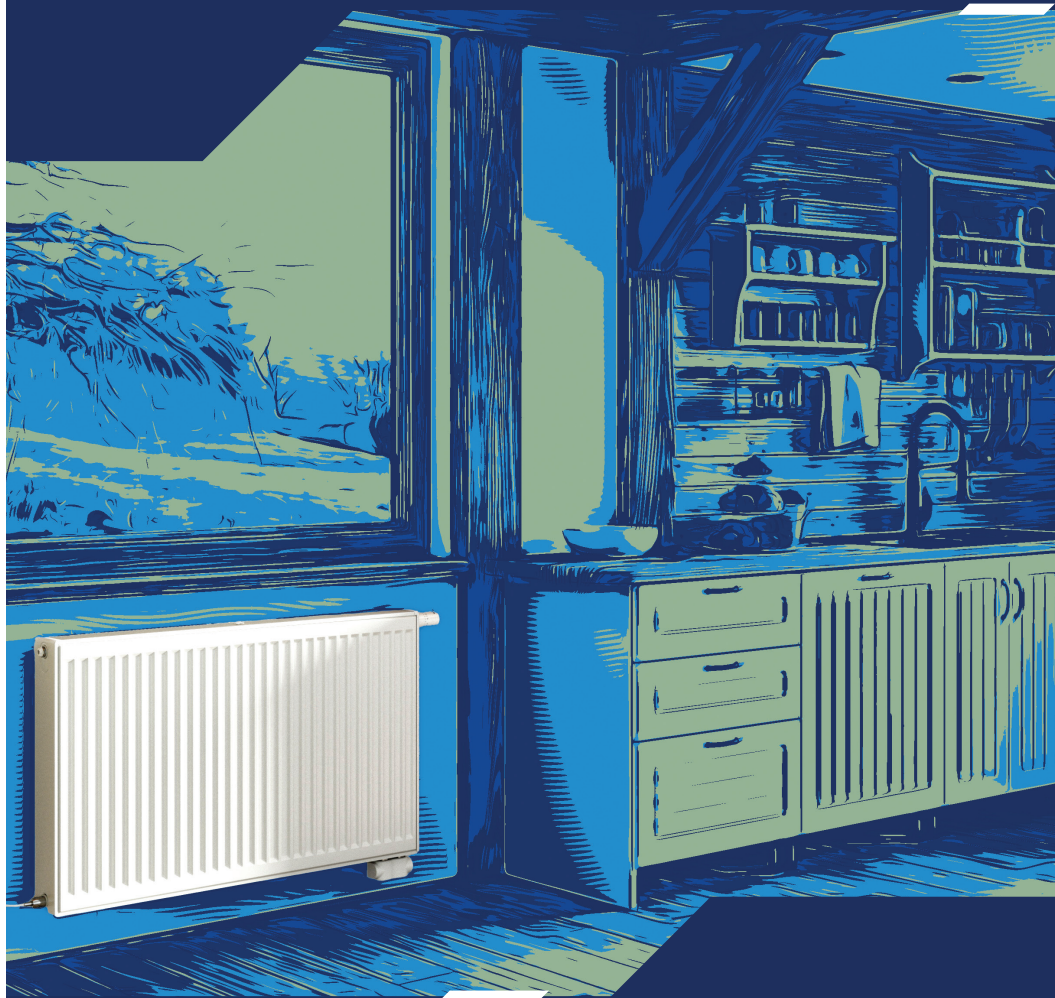
As of February 2, 2026, the Board of Directors of the parent company appointed Mr. Dalibor Červený as the General Director of the parent company based on a selection procedure.

The Group perceives the current global conflicts and the associated risks and responds to the uncertain development by increasing strategic production stocks.

There were no other events after the balance sheet date that would have a significant impact on the consolidated financial statements as of December 31, 2025.



**31 December
2025**



KORADO, A.S.

FINANCIAL STATEMENTS

KORADO, a.s.

Identification number: 25255843 | Legal form: Joint-Stock Company | Primary business: Manufacturing of central heating radiators

Balance sheet date: 31 December 2025 | Date of preparation of the financial statements: 18 May 2026

BALANCE SHEET (in thousand Czech crowns)

Ref a	ASSETS b	Row c	31. 12. 2025			31. 12. 2024
			Gross 1	Provision 2	Net 3	Net 4
	TOTAL ASSETS	001	5,825,093	(4,032,560)	1,792,533	1,870,465
B.	Fixed assets	003	5,170,694	(4,019,673)	1,151,021	1,199,739
B. I.	Intangible fixed assets	004	204,063	(190,978)	13,085	13,728
B. I. 2.	Royalties	006	202,876	(190,978)	11,898	4,968
B. I. 2. 1.	Software	007	196,133	(184,850)	11,283	4,404
B. I. 2. 2.	Other royalties	008	6,743	(6,128)	615	564
B. I. 5.	Advances paid and intangible fixed assets in the course of construction	011	1,187	-	1,187	8,760
B. I. 5. 2.	Intangible fixed assets in the course of construction	013	1,187	-	1,187	8,760
B. II.	Tangible fixed assets	014	4,640,179	(3,774,588)	865,591	888,737
B. II. 1.	Land and constructions	015	1,785,291	(1,078,391)	706,900	734,867
B. II. 1. 1.	Land	016	32,376	-	32,376	32,394
B. II. 1. 2.	Constructions	017	1,752,915	(1,078,391)	674,524	702,473
B. II. 2.	Equipment	018	2,724,037	(2,602,894)	121,143	101,930
B. II. 4.	Other tangible fixed assets	020	108,649	(93,303)	15,346	14,779
B. II. 4. 3.	Tangible fixed assets – other	023	108,649	(93,303)	15,346	14,779
B. II. 5.	Advances paid and tangible fixed assets in the course of construction	024	22,202	-	22,202	37,161
B. II. 5. 1.	Advances paid for tangible fixed assets	025	2,567	-	2,567	727
B. II. 5. 2.	Tangible fixed assets in the course of construction	026	19,635	-	19,635	36,434
B. III.	Long-term investments	027	326,452	(54,107)	272,345	297,274
B. III. 1.	Investments – subsidiaries and controlling party	028	238,842	-	238,842	247,195
B. III. 2.	Loans and borrowings – subsidiaries and controlling party	029	87,610	(54,107)	33,503	50,079
C.	Current assets	037	646,290	(12,887)	633,403	662,463
C. I.	Inventories	038	282,853	(10,144)	272,709	207,918
C. I. 1.	Raw materials	039	162,079	(9,601)	152,478	131,717
C. I. 2.	Work in progress and semi-finished products	040	17,492	-	17,492	12,165
C. I. 3.	Finished goods and goods for resale	041	103,252	(543)	102,709	64,036
C. I. 3. 1.	Finished goods	042	47,736	(341)	47,395	30,219
C. I. 3. 2.	Goods for resale	043	55,516	(202)	55,314	33,817
C. I. 5.	Advances paid for inventory	045	30	-	30	-
C. II.	Receivables	046	131,602	(2,743)	128,859	88,747
C. II. 1.	Long-term receivables	047	37	-	37	-
C. II. 1. 5.	Receivables – other	052	37	-	37	-
C. II. 1. 5. 2.	Long-term advances paid	054	37	-	37	-
C. II. 2.	Short-term receivables	057	131,565	(2,743)	128,822	88,747
C. II. 2. 1.	Trade receivables	058	98,584	(2,743)	95,841	60,842
C. II. 2. 2.	Receivables – subsidiaries and controlling party	059	135	-	135	205
C. II. 2. 4.	Receivables – other	061	32,846	-	32,846	27,700
C. II. 2. 4. 3.	Taxes - receivables from the state	064	26,807	-	26,807	19,631
C. II. 2. 4. 4.	Short-term advances paid	065	4,583	-	4,583	6,604
C. II. 2. 4. 5.	Estimated receivables	066	1,447	-	1,447	1,456
C. II. 2. 4. 6.	Other receivables	067	9	-	9	9
C. IV.	Cash	075	231,835	-	231,835	365,798
C. IV. 1.	Cash in hand	076	345	-	345	268
C. IV. 2.	Cash at bank	077	231,490	-	231,490	365,530
D.	Prepayments and accrued income	078	8,109	-	8,109	8,263
D. 1.	Prepaid expenses	079	6,358	-	6,358	6,986
D. 3.	Accrued income	081	1,751	-	1,751	1,277

KORADO, a.s.

Identification number: 25255843 | Legal form: Joint-Stock Company | Primary business: Manufacturing of central heating radiators

Balance sheet date: 31 December 2025 | Date of preparation of the financial statements: 18 May 2026

BALANCE SHEET (in thousand Czech crowns)

Ref a	LIABILITIES AND EQUITY b	Row c	31. 12. 2025 5	31. 12. 2024 6
	TOTAL LIABILITIES AND EQUITY	082	1,792,533	1,870,465
A.	Equity	083	1,213,519	1,314,532
A. I.	Share capital	084	724,221	724,221
A. I. 1.	Share capital	085	840,700	840,700
A. I. 2.	Own shares held	086	(116,479)	(116,479)
A. II.	Share premium and capital contributions	088	(138,416)	(105,063)
A. II. 2.	Capital contributions	090	(138,416)	(105,063)
A. II. 2. 2.	Assets and liabilities revaluation	092	(138,416)	(105,063)
A. III.	Reserves from profit	096	116,479	116,479
A. III. 2.	Statutory and other reserves	098	116,479	116,479
A. IV.	Retained earnings / Accumulated losses	099	578,895	590,530
A. IV. 1.	Retained earnings or (accumulated losses)	100	578,895	590,530
A. V.	Profit / (loss) for the current period	102	(67,660)	(11,635)
B. + C.	Liabilities	104	568,964	539,354
B.	Provisions	105	6,348	4,845
B. 4.	Other provisions	109	6,348	4,845
C.	Payables	110	562,616	534,509
C. I.	Long-term payables	111	141,676	168,676
C. I. 2.	Liabilities due to financial institutions	115	47,436	64,436
C. I. 8.	Deferred tax liability	121	94,240	104,240
C. II.	Short-term payables	126	420,940	365,833
C. II. 2.	Liabilities due to financial institutions	130	14,595	16,265
C. II. 3.	Short-term advances received	131	2,156	689
C. II. 4.	Trade payables	132	339,486	302,312
C. II. 8.	Liabilities – other	136	64,703	46,567
C. II. 8. 1.	Liabilities to shareholders	137	28	30
C. II. 8. 3.	Liabilities to employees	139	20,837	19,738
C. II. 8. 4.	Liabilities for social security and health insurance	140	9,112	8,026
C. II. 8. 5.	Taxes and state subsidies payable	141	3,825	3,954
C. II. 8. 6.	Estimated payables	142	30,439	14,333
C. II. 8. 7.	Other liabilities	143	462	486
D.	Accruals and deferred income	147	10,050	16,579
D. 1.	Accrued expenses	148	10,050	16,579

KORADO, a.s.

Identification number: 25255843 | Legal form: Joint-Stock Company | Primary business: Manufacturing of central heating radiators

Balance sheet date: 31 December 2025 | Date of preparation of the financial statements: 18 May 2026

INCOME STATEMENT (in thousand Czech crowns)

Ref. a	TEXT b	Row c	Accounting period	
			2025 1	2024 2
I.	Sales of products and services	01	1,006,832	978,885
II.	Sales of goods	02	408,713	433,571
A.	Cost of sales	03	1,121,174	1,099,024
A. 1.	Cost of goods sold	04	341,592	347,752
A. 2.	Raw materials and consumables used	05	639,226	612,098
A. 3.	Services	06	140,356	139,174
B.	Changes in inventories of finished goods and work in progress	07	(23,003)	(2,322)
C.	Own work capitalised	08	(5,097)	(4,682)
D.	Staff costs	09	315,152	291,250
D. 1.	Wages and salaries	10	240,830	221,571
D. 2.	Social security, health insurance and other costs	11	74,322	69,679
D. 2. 1.	Social security and health insurance costs	12	70,580	65,940
D. 2. 2.	Other costs	13	3,742	3,739
E.	Value adjustments in operating activities	14	67,017	69,406
E. 1.	Value adjustments of fixed assets	15	68,545	68,822
E. 1. 1.	Depreciation, amortisation and write off of fixed assets	16	68,545	68,822
E. 2.	Provision for impairment of inventories	18	(1,458)	544
E. 3.	Provision for impairment of receivables	19	(70)	40
III.	Operating income - other	20	20,034	18,335
III. 1.	Sales of fixed assets	21	1,794	43
III. 2.	Sales of raw materials	22	12,975	11,200
III. 3.	Other operating income	23	5,265	7,092
F.	Operating expenses - other	24	28,198	23,200
F. 1.	Net book value of fixed assets sold	25	793	-
F. 2.	Cost of raw materials sold	26	12,617	10,965
F. 3.	Taxes and charges	27	2,863	1,895
F. 4.	Operating provisions and complex prepaid expenses	28	1,502	329
F. 5.	Other operating expenses	29	10,423	10,011
*	Operating result	30	(67,862)	(45,085)
IV.	Income from long-term investments - shares	31	6,978	40,772
IV. 1.	Income from investments - subsidiaries or controlling party	32	6,978	40,772
VI.	Interest and similar income	39	4,187	2,863
VI. 1.	Interest and similar income - subsidiaries or controlling party	40	1,120	1,151
VI. 2.	Other interest and similar income	41	3,067	1,712
I.	Value adjustments and provisions from financial operations	42	19,077	742
J.	Interest and similar expenses	43	2,271	4,537
J. 2.	Other interest and similar expenses	45	2,271	4,537
VII.	Other financial income	46	3,763	14,062
K.	Other financial expenses	47	3,326	18,939
*	Financial result	48	(9,746)	33,479
**	Net profit / (loss) before tax	49	(77,608)	(11,606)
L.	Tax on profit or loss	50	(9,948)	29
L. 1.	Tax on profit or loss – current	51	52	29
L. 2.	Tax on profit or loss – deferred	52	(10,000)	-
**	Net profit / (loss) after tax	53	(67,660)	(11,635)
***	Net profit / (loss) for the financial period	55	(67,660)	(11,635)
*	Net turnover for the financial period	56	1,415,545	1,412,456

KORADO, a.s.

Identification number: 25255843 | Legal form: Joint-Stock Company | Primary business: Manufacturing of central heating radiators

Balance sheet date: 31 December 2025 | Date of preparation of the financial statements: 18 May 2026

STATEMENT OF CASH FLOWS (in thousand Czech crowns)

Ref. a	TEXT b	Accounting period	
		2025 1	2024 2
	Cash flows from operating activities		
	Net profit / (loss) before tax	(77,608)	(12,521)
A. 1.	Adjustments for non-cash movements:	76,824	29,783
A. 1. 1.	Depreciation and amortisation of fixed assets	68,545	68,822
A. 1. 2.	Change in provisions and provisions for impairment	19,052	2,569
A. 1. 3.	(Profit) / loss from sales of fixed assets	(1,001)	(43)
A. 1. 4.	Dividend income	(6,978)	(40,772)
A. 1. 5.	Net interest expense / (income)	(1,916)	1,674
A. 1. 6.	Other non-cash movements	(878)	(2,467)
A *	Net cash flow from operating activities before tax and changes in working capital	(784)	17,262
A. 2.	Non-cash working capital changes:	(58,223)	(45,250)
A. 2. 1.	Change in receivables and prepayments	(49,608)	(7,710)
A. 2. 2.	Change in payables and accruals	54,718	(45,972)
A. 2. 3.	Change in inventories	(63,333)	8,432
A **	Net cash flow from operating activities before tax	(59,007)	(27,988)
A. 3.	Interest paid	(2,271)	(4,537)
A. 4.	Interest received	4,187	2,658
A. 5.	Income tax paid	66	6,009
A. 6.	Dividends received	6,978	40,772
A ***	Net cash flow from operating activities	(50,047)	16,914
	Cash flows from financing activities		
B. 1.	Acquisition of fixed assets	(62,684)	(33,388)
B. 2.	Proceeds from sale of fixed assets	1,794	43
B. 3.	Loans and borrowings to related parties	(4,354)	-
B ***	Net cash flow from investing activities	(65,244)	(33,345)
	Cash flows from financing activities		
C. 1.	Change in long- and short-term liabilities from financing activities	(18,672)	(26,408)
C ***	Net cash flow from financing activities	(18,672)	(26,408)
	Net increase / (decrease) in cash and cash equivalents	(133,963)	(42,839)
	Cash and cash equivalents at the beginning of the year	365,798	408,637
	Cash and cash equivalents at the end of the year	231,835	365,798

KORADO, a.s.

Identification number: 25255843 | Legal form: Joint-Stock Company | Primary business: Manufacturing of central heating radiators

Balance sheet date: 31 December 2025 | Date of preparation of the financial statements: 18 May 2026

STATEMENT OF CHANGES IN EQUITY (in thousand Czech crowns)

	Share capital	Assets and liabilities revaluation	Differences from mergers and demergers	Statutory and other reserves	Retained earnings or (accumulated losses)	Total
As at 1 January 2024	840,700	(116,479)	(74,886)	116,479	590,530	1,356,344
Revaluation of investments in subsidiaries	-	-	(30,177)	-	-	(30,177)
Net profit / (loss) for the current period	-	-	-	-	(11,635)	(11,635)
As at 31 December 2024	840,700	(116,479)	(105,063)	116,479	578,895	1,314,532
Revaluation of investments in subsidiaries	-	-	(33,353)	-	-	(33,353)
Net profit / (loss) for the current period	-	-	-	-	(67,660)	(67,660)
As at 31 December 2025	840,700	(116,479)	(138,416)	116,479	511,235	1,213,519

KORADO, a.s.

Notes to financial statements for the year ended 31 December 2025

1. General information

1.1. Introductory information about the Company

KORADO, a.s. ("the Company") was incorporated on 1 September 1996 by the Regional Court in Hradec Králové, Section B, Insert 1500 and has its registered office at Bří Hubálků 869, Česká Třebová, Czech Republic. The Company's primary business activity is manufacturing of central heating radiators.

The Company is not a member/shareholder with unlimited liability in any undertaking.

1.2. Current economic situation

The current economic situation remains sensitive to geopolitical developments around the world. The impact on financial and commodity markets, supply chains, and key macroeconomic indicators impacting business, such as inflation rates, interest rate levels, currency rates volatility, and others is still significant.

The Company's management has evaluated the impact of the current economic situation on its business with the following conclusion: Despite the limiting factors of the current economic situation, the Company has taken measures to ensure smooth operations in its own and all subsidiaries' production plants.

2. Accounting policies

2.1. Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic relevant for large sized companies and have been prepared under the historical cost convention.

2.2. Tangible and intangible fixed assets

All intangible (and tangible) assets with a useful life longer than one year and a unit cost of more than CZK 80 thousand (CZK 80 thousand) are treated as intangible (and tangible) fixed assets.

Purchased intangible and tangible fixed assets are initially recorded at cost, which includes all costs related to their acquisition. All research costs are expensed. Own manufactured fixed assets are valued at own cost.

Intangible and tangible fixed assets – except land and arts which is not depreciated – are amortised/depreciated applying the straight-line method over their estimated useful lives as follows:

Intangible fixed assets	Estimated useful life
Software	4–6 years
Royalties	6 years
Tangible fixed assets	Estimated useful life
Constructions	20–50 years
Machinery and equipment	8–15 years
Motor vehicles	4–8 years
Other tangible fixed assets	3–5 years

The amortisation / depreciation plan is updated during the useful life of the intangible and tangible fixed assets in the case of change of expected useful life and anticipated residual value of the intangible and tangible fixed assets.

A provision for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by this asset.

Repairs and maintenance expenditures for tangible fixed assets are expensed as incurred.

Technical improvements of intangible and tangible fixed assets are capitalised.

2.3. Investments in subsidiaries and loans granted to subsidiaries

Investments in subsidiaries represent shares in enterprises that are controlled by the Company ("the subsidiary").

Investments in subsidiaries and associates are accounted for by the equity method of accounting. Under this method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognise the investor's share of the equity of the subsidiary or the associate as at the balance sheet date. Revaluation of the investment by using the equity method of accounting is recorded through the Company's equity.

Loans granted to subsidiaries are measured at nominal value. Temporary impairment, which is recognised as a provision, is quantified on the basis of their risk assessment.

2.4. Inventories

Purchased inventories are stated at the lower of cost and net realisable amount. Cost includes all costs related with its acquisition (mainly transport costs, customs duty, etc.). The weighted average cost method is applied for all disposals.

Inventories generated from own production, i.e. work-in-progress and finished goods, are stated at the lower of production cost and estimated net realisable amount. Production cost includes direct and indirect materials, direct and indirect wages and production overheads.

KORADO, a.s.

Notes to financial statements for the year ended 31 December 2025

A provision is created for slow-moving and obsolete inventory based on an analysis of turnover and an individual evaluation of inventories.

2.5. Receivables

Receivables are stated at nominal value less a provision for doubtful amounts. A provision for doubtful amounts is created on the basis of an ageing analysis and an individual evaluation of the credit worthiness of the customers.

2.6. Cash and cash equivalents

Cash and cash equivalents include cash in hand, stamps and vouchers and cash in banks, including bank overdrafts.

Cash equivalents are short-term highly liquid investments that can be exchanged for a predictable amount of cash and no significant changes of value over time are expected. Cash equivalents are, for example, deposits with a 3-month notice period and liquid debt securities traded in public markets.

The Company has prepared the Cash-flow statement using the indirect method.

2.7. Foreign currency translation

Transactions denominated in a foreign currency are translated and recorded at the rate of exchange ruling as at the transaction date.

Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on cash, receivables and liabilities balances are recorded in the income statement.

Investments in subsidiaries, investments and securities denominated in a foreign currency, which are not accounted for at fair value, are translated at the year-end exchange rate as published by the Czech National Bank. Any translation difference is recognised in equity, with the exception of held-to-maturity investments, where the translation difference is recognised in the profit and loss account.

2.8. Equity

The Company's decision to pay an interim dividend is reflected in the accounting as a decrease in equity and is presented on the balance sheet line - Interim dividend declared. Such an interim dividend or a part thereof is classified as receivable from shareholders as at the balance sheet date if the Company incurs loss or achieves lower profit than the value of the originally paid interim dividend.

Own shares are recorded at cost as a decrease in Equity on the line Own shares held.

2.9. Provisions

The Company recognises provisions to cover its obligations or expenses, when the nature of the obligations or expenses is clearly defined and it is probable or certain as at the balance sheet date that they will be incurred, however their precise amount or timing is not known. The provision recognised as at the balance sheet date represent the best estimate of expenses that will be probably incurred, or the amount of liability that is required for their settlement.

The Company recognises a provision for its income tax payable which is presented net of advances paid for the income tax. If advances paid are higher than the estimated income tax payable, the difference is recognised as a short-term receivable.

2.10. Employment benefits

The Company recognises a provision relating to untaken holidays.

The Company recognises an estimated payable relating to rewards and bonuses of employees.

Regular contributions are made to the state to fund the national pension plan. The Company also provides contributions to defined contribution plans operated by independent pension funds.

2.11. Revenue recognition

Sales are recognised when goods are shipped to the customer or the date the services are rendered and are stated net of discounts and value added tax.

2.12. Related parties

The Company's related parties are considered to be the following:

- Parties, which directly or indirectly control the Company, their subsidiaries and associates;
- Parties, which have directly or indirectly significant influence on the Company;
- Members of the Company's or parent company's statutory and supervisory boards and management and parties close to such members, including entities in which they have a controlling or significant influence; and/or
- Subsidiaries and associates and joint-venture companies.

Material transactions and outstanding balances with related parties are disclosed in Notes 15 Related-party transactions and 17 Employees.

2.13. Leases

The costs of assets held under both finance and operating leases are not capitalised as fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not yet due as at the balance sheet day are disclosed in the notes but not recognised in the balance sheet.

KORADO, a.s.

Notes to financial statements for the year ended 31 December 2025

2.14. Interest expense

Interest expense on borrowings to finance the acquisition of intangible and tangible fixed assets are capitalised during the period of completion and preparation of the asset for its intended use. Other borrowing costs are expensed.

2.15. Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

Change in the deferred tax asset or liability is recognised on the item Tax on profit or loss – deferred in the income statement.

Deferred tax asset is recognised if it is probable that sufficient future taxable profit will be available against which the asset can be utilised.

2.16. Net turnover

Net turnover is used for the purposes of categorisation of the accounting entities and for determining whether the accounting entity is subject to mandatory audit.

For the accounting period starting on or after 1 January 2024, the Czech accounting regulations changed the definition of net turnover reported in the income statement. The value of the Company's net turnover reported in the current accounting period now corresponds to the revenues from the sale of products and goods and from the rendering of services on which the Company's business model is based.

2.17. Subsequent events

The effects of events which occurred between the balance sheet date and the date of preparation of the financial statements are recognised in the financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are quantified and disclosed but are not themselves recognised in the financial statements.

3. Intangible fixes assets

(CZK'000)	1 January 2025	Additions / transfers	Disposals	31 December 2025
Cost				
Software	186,363	9,770	-	196,133
Other royalties	6,378	365	-	6,743
Intangible fixed assets in the course of construction	8,760	(7,573)	-	1,187
Total	201,501	2,562	-	204,063
Accumulated amortisation				
Software	181,959	2,891	-	184,850
Other royalties	5,814	314	-	6,128
Total	187,773	3,205	-	190,978
Net book value	13,728			13,085
(CZK'000)	1 January 2024	Additions / transfers	Disposals	31 December 2024
Cost				
Software	207,292	569	21,498	186,363
Other royalties	6,204	174	-	6,378
Intangible fixed assets in the course of construction	940	7,820	-	8,760
Total	214,436	8,563	21,498	201,501
Accumulated amortisation				
Software	200,067	3,390	21,498	181,959
Other royalties	5,462	352	-	5,814
Total	205,529	3,742	21,498	187,773
Net book value	8,907			13,728

KORADO, a.s.

Notes to financial statements for the year ended 31 December 2025

4. Tangible fixed assets

(CZK'000)	1 January 2025	Additions / transfers	Disposals	31 December 2025
Cost				
Land	32,394	-	18	32,376
Constructions	1,743,805	9,110	-	1,752,915
Equipment	2,690,272	44,989	11,224	2,724,037
Other tangible fixed assets	78,942	3,847	-	82,789
Artwork	25,860	-	-	25,860
Advances paid for tangible fixed assets	727	1,840	-	2,567
Tangible fixed assets in the course of construction	36,434	(16,799)	-	19,635
Total	4,608,434	42,987	11,224	4,640,179
Accumulated depreciation and impairment				
Constructions	1,041,332	37,059	-	1,078,391
Equipment	2,588,342	25,001	10,449	2,602,894
Other tangible fixed assets	64,163	3,280	-	67,443
Artwork	25,860	-	-	25,860
Total	3,719,697	65,340	10,449	3,774,588
Net book value	888,737			865,591
(CZK'000)	1 January 2024	Additions / transfers	Disposals	31 December 2024
Cost				
Land	32,394	-	-	32,394
Constructions	1,743,547	258	-	1,743,805
Equipment	2,684,788	10,407	4,923	2,690,272
Other tangible fixed assets	78,672	270	-	78,942
Artwork	25,860	-	-	25,860
Advances paid for tangible fixed assets	2,303	(1,576)	-	727
Tangible fixed assets in the course of construction	18,566	17,868	-	36,434
Total	4,586,130	27,227	4,923	4,608,434
Accumulated depreciation and impairment				
Constructions	1,004,456	36,876	-	1,041,332
Equipment	2,567,963	25,302	4,923	2,588,342
Other tangible fixed assets	61,262	2,901	-	64,163
Artwork	25,860	-	-	25,860
Total	3,659,541	65,079	4,923	3,719,697
Net book value	926,589			888,737

The information on operating lease commitments is disclosed in Note 13 Commitments and contingent liabilities.

The Company created a provision for tangible fixed assets as at 31 December 2025 of CZK 25,860 thousand (as at 31 December 2024: CZK 25,860 thousand).

KORADO, a.s.

Notes to financial statements for the year ended 31 December 2025

5. Investments in subsidiaries

31 December 2025	Carrying value (CZK'000)	% of capital	2025 profit/(loss) (CZK'000)	Net assets* (CZK'000)	2025 dividend income (CZK'000)
Foreign					
KORADO Deutschland Fürstenwalde, Germany*	904	100%	304	904	275
KORADO Bulgaria Strajica, Bulgaria	237,852	82.15%	9,687	289,483	6,702
KORADO Polska Piasecno, Poland	-	100%	1,071	(33,107)	-
KORADO Austria* Wien, Austria	86	100%	128	86	-
KORADO UK* London, United Kingdom	-	100%	-	28	-
Domestic					
LICON s.r.o. Stráž nad Nisou, Czech Republic	-	100%	(22,086)	(2,920)	-
Total	238,842				6,978
Provision					
Net book value					

* Unaudited

31 December 2024	Carrying value (CZK'000)	% of capital	2024 profit/(loss) (CZK'000)	Net assets* (CZK'000)	2024 dividend income (CZK'000)
Foreign					
KORADO Deutschland Fürstenwalde, Germany*	908	100 %	278	908	382
KORADO Bulgaria Strajica, Bulgaria	246,287	82.15 %	27,419	299,904	40,390
KORADO Polska Piasecno, Poland	-	100 %	432	(35,032)	-
KORADO Austria* Wien, Austria	-	100 %	(13)	(41)	-
KORADO UK* London, United Kingdom	-	100 %	-	30	-
Domestic					
LICON s.r.o. Stráž nad Nisou, Czech Republic	-	100 %	(21,936)	(5,834)	-
Total	247,195				40,772
Provision					
Net book value					

* Unaudited

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Notes to financial statements for the year ended 31 December 2025

In 2025, a change in the measurement method was implemented and investments in subsidiaries are measured using the equity method. The Company's management believes that this change results in a more faithful representation and improves the relevance and reliability of the financial statements. Comparative figures have been restated in the financial statements. In accordance with NUR 29, the Company did not use Other profit or loss from prior periods to reflect the change in accounting method.

Company provided a capital contribution outside the share capital to LICON s.r.o. in the amount of CZK 25,000 thousand.

As at the end of the year, the share price of KORADO Bulgaria amounted to 4.18 BGN/pcs (31 December 2024: 4.4 BGN/pcs). Market capitalisation amounted to CZK 682,335 thousand (31 December 2024: CZK 746,118 thousand). Therefore, the market value of the share substantially exceeds its carrying amount.

Analysis of the change in the provision for the diminution in value of investments in subsidiaries:

(CZK'000)	Subsidiaries	
	2025	2024
As at 1 January	247,195	277,372
Charge for the year	(33,353)	(30,177)
Released during the year	25,000	-
As at 31 December	238,842	247,195

6. Provided loans

31 December 2025	Loan value in foreign currency ('000)	Loan value (CZK'000)	Interest rate (%)	Provision (CZK'000)
Foreign				
KORADO Polska	PLN 5,830	33,487	1,7% p.a	33,107
KORADO Bulgaria	EUR 500	12,123	1% p.a	-
Domestic				
LICON s.r.o.	CZK 42,000	42,000	1% p.a	21,000
Total		87,610		54,107
Provision for diminution in value		(54,107)		
Net book value		33,503		
31 December 2024	Loan value in foreign currency ('000)	Loan value (CZK'000)	Interest rate (%)	Provision (CZK'000)
Foreign				
KORADO Polska	PLN 6,030	35,516	1.7 % p.a.	35,030
KORADO Bulgaria	EUR 500	12,593	1 % p.a	-
Domestic				
LICON s.r.o.	CZK 37,000	37,000	1 % p.a	-
Total		85,109		35,030
Provision for diminution in value		(35,030)		
Net book value		50,079		

The Company assessed the carrying amount of the loan provided to its subsidiary LICON s.r.o. as at 31 December 2025. As a result of this review, an impairment allowance of CZK 21,000 thousand was recognised. The valuation is based on a five-year plan prepared using management's assumptions regarding the future development of the Company, and management believes that this plan will be achieved.

KORADO, a.s.

Notes to financial statements for the year ended 31 December 2025

7. Inventories

The Company created a provision for inventories as at 31 December 2025 of CZK 10,144 thousand (as at 31 December 2024: CZK 11,602 thousand).

(CZK'000)	2025	2024
As at 1 January	11,602	11,058
Charge for the year	-	594
Released during the year	1,458	50
As at 31 December	10,144	11,602

8. Receivables

Overdue receivables as at 31 December 2025 amounted to CZK 8,725 thousand (as at 31 December 2024: CZK 12,746 thousand).

Unsettled receivables as at 31 December 2025 have not been covered by guarantees and none of them are due after more than 5 years. The Company has no receivables nor provided any guarantees which are not included in the balance sheet.

Analysis of the change in the provision for doubtful receivables:

(CZK'000)	2025	2024
As at 1 January	2,813	2,773
Charge for the year	25	47
Released during the year	95	7
As at 31 December	2,743	2,813

Advances for income tax of CZK 793 thousand paid by the Company by 31 December 2025 (by 31 December 2024: CZK 1,026 thousand) are netted off with the provision for income tax of CZK 121 thousand as at 31 December 2025 (as at 31 December 2024: CZK 236 thousand). The resulting receivable is recorded in the financial statements under the line Taxes - receivables from the state.

9. Equity

Authorised and issued share capital:

	31 December 2025		31 December 2024	
	No. of pieces	Carrying value (CZK'000)	No. of pieces	Carrying value (CZK'000)
Ordinary shares of CZK 350,000 fully paid	2,402	840,700	2,402	840,700

The shareholders:

(in %)	31 December 2025	31 December 2024
Menclík Miloš, Ing.	4.58	
Pechancová Ludmila	4.58	
Menclík František (in fact in inheritance proceeding)		9.16
Petr Ludvík	9.16	9.16
Vobora Miroslav	9.16	9.16
KORADO, a.s.	9.16	9.16
European Bank for Reconstruction & Development	29.14	29.14
Ministry of Finance, Czech Republic	34.22	34.22
Total	100.00	100.00

KORADO, a.s.

Notes to financial statements for the year ended 31 December 2025

The Company forms a part of the only consolidation group and its parent Company is KORADO, a.s. with the registered office at Bří Hubálků 869, Česká Třebová, Czech Republic. The consolidated financial statements can be obtained from the official public portal, justice.cz, in the Collection of Deeds.

On 10 June 2025, the general meeting of shareholders approved the financial statements for 2024 and decided about the allocation of the loss incurred in 2024 of CZK 12,550 thousand.

Up to the date of preparation of these financial statements, the Company has not proposed the allocation of the loss incurred in 2025.

10. Provisions

(CZK'000)	Warranty repairs	Provision for pension liabilities	Total
Opening balance as at 1 January 2024	2,853	1,664	4,517
Charge for the year	-	1,092	1,092
Used in the year	764	-	764
Closing balance as at 31 December 2024	2,089	2,756	4,845
Charge for the year	-	1,778	1,778
Used in the year	275	-	275
Closing balance as at 31 December 2025	1,814	4,534	6,348

The Company is a party to a lawsuit concerning the protection of trademark rights. The Company has assessed the risks arising from the litigation and has decided not to record a provision for the litigation.

11. Payables, commitments and contingent liabilities

Trade and other payables have not been secured against any assets of the Company and are not due after more than 5 years.

Except the below stated, the Company did not provide any collaterals that would not have been recognised in the balance sheet. The management of the Company is not aware of any contingent liabilities as at 31 December 2025.

Due to the fulfilment of the conditions of the self-use exception, the Company does not account for contracts for the future purchase of commodities with physical settlement as derivatives.

12. Bank loans and other borrowings

Analysis of the bank loans:

	Collateral	Interest rate (%)	Currency	Balance as at 31 December 2025 (CZK'000)	Balance as at 31 December 2024 (CZK'000)
Československá obchodní banka, a.s.	Real estate, receivables	Euribor 1M + 1.55 % p.a.	EUR	-	1,104
Československá obchodní banka, a.s.	Real estate, receivables	Pribor/ Euribor 1M + 0.95 % p.a.	CZK	62,031	79,597
Total bank loans				62,031	80,701

KORADO, a.s.

Notes to financial statements for the year ended 31 December 2025

From the total loan amount of CZK 62,031 thousand drawn from Československá obchodní banka, a.s., no portion of the loan has a maturity of more than 5 years.

Bank loans have certain financial covenants attached to them. Breach of these covenants can lead to immediate maturity of the debt. As at 31 December 2025 Company met those covenants.

Certain asset items (real estate and receivables) are used as collateral for bank loans and other liabilities. Total net book value of such assets as at 31 December 2025 amounted to CZK 590,407 thousand (as at 31 December 2024: CZK 585,098 thousand).

13. Commitments and contingent liabilities

The management of the Company is not aware of any contingent liabilities neither as of 31 December 2025 nor as of 31 December 2024.

The Company has the following commitments in respect of operational leases:

(CZK'000)	31 December 2025	31 December 2024
Current within one year	6,668	3,854
Due after one year	5,464	1,713
Total commitments in respect of operating leases	12,132	5,567

14. Revenue analysis

Revenue analysis:

(CZK'000)	2025	2024
Radiator sales		
– domestic	404,504	375,697
– foreign	590,944	592,307
Provided services		
– domestic	4,079	4,089
– foreign	7,305	6,792
Total sales of own products and services	1,006,832	978,885
Sales of goods		
– domestic	205,278	224,389
– foreign	203,435	209,182
Total sales of goods	408,713	433,571

KORADO, a.s.

Notes to financial statements for the year ended 31 December 2025

15. Related-party transactions

All material transactions with related parties are presented in this note.

(CZK'000)	2025	2024
Revenues		
Sales of services	9,065	8,800
Sale of products	53,567	35,434
Sales of goods	9,297	11,597
Sale of materials and tangible fixed assets	11,759	9,599
Interest income	1,120	1,151
Income from shares in subsidiaries	6,978	40,772
Total	91,786	107,353
Costs		
Purchase of goods for resale	323,673	314,567
Purchase of material	121,875	97,457
Services	10,793	4,665
Total	456,341	416,689

During 2025, a loan of CZK 5,000 thousand was provided to the subsidiary LICON, and an additional paid-in contribution outside share capital in the amount of CZK 25,000 thousand was made, part of this contribution was settled by offset. Furthermore, during 2025, a partial repayment of the loan granted to the subsidiary KORADO Polsko occurred.

During 2024, a partial repayment of loan provided to the subsidiary KORADO Bulgaria took place. The repayment was settled by offset.

The following related party balances were outstanding as at:

(CZK'000)	31. prosince 2025	31 December 2024
Receivables		
Trade receivables	28,268	18,659
Accrued income	1,531	118
Granted loans, including allowances	54,503	50,079
Total	84,302	68,856
Liabilities		
Liabilities to companies within the consolidation group	70,325	60,414
Out of which:		
Trade payables	70,074	58,918
Accrued expenses	251	1,496
Total	70,325	60,414

No loans, credits, deposits, advances, guarantees or other benefits were provided to the members of the Board of Directors, Supervisory Board and administrative bodies as at 31 December 2025 and 2024.

Company cars are available to the members of the Company's management.

KORADO, a.s.

Notes to financial statements for the year ended 31 December 2025

16. Fees paid and payable to the audit company

The information relating to the fees paid and payable for services performed by the audit company PricewaterhouseCoopers Audit, s.r.o. is included in the consolidated financial statements of the Company.

17. Employees

	2025		2024	
	Number	(CZK'000)	Number	(CZK'000)
Emoluments to the Board of Directors / Statutory Body	5	3,138	3	5,580
Emoluments to members of the Supervisory Board	5	730	4	675
Wages and salaries to other management	23	77,402	25	76,679
Wages and salaries to other employees	299	159,560	296	138,637
Social security costs		70,580		65,940
Other social costs		3,742		3,739
Wages and salaries total	332	315,152	328	291,250

Other management includes senior staff members directly reporting to the statutory body.

In 2025, personnel costs related to the termination of employment contracts amounted to to CZK 23,845 thousand (31 December 2024: CZK 17,921 thousand).

In 2024, remuneration and extraordinary bonuses related to the termination of the long-standing members of the Board of Directors' tenure were paid.

Other transactions with the Company's management are described in Note 15 Related-party transactions.

18. Income tax

The income tax expense analysis:

(CZK'000)	2025	2024
Current tax expense (21%)	121	236
Deferred tax expense	(10,000)	-
Adjustment of prior year tax expense based on final CIT return	(69)	(207)
Total income tax expense	(9,948)	29

The current tax asset / (liability) analysis:

(CZK'000)	2025	2024
Net profit before taxation	(77,608)	(12,521)
Items increasing the tax base	96,203	60,159
- of which differences between accounting and tax depreciation	51,609	42,748
Items decreasing the tax base	17,451	46,003
- of which dividends received and sales of shares	6,978	40,772
Tax base	1,144	1,635
Corporate income tax at 21%	240	343
Tax credit	119	107
Current tax	121	236

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Notes to financial statements for the year ended 31 December 2025

The current tax for the year 2025 was calculated at 21%.

The deferred tax was calculated at 21% (the rate for the year 2025 and following).

The deferred tax liability analysis:

(CZK'000)	31 December 2025	31 December 2024
Deferred taxasset / (liability) arising from:		
Difference between accounting and tax net book value of fixed assets	(97,767)	(105,887)
Provisions	3,527	1,647
Net deferred tax liability	(94,240)	(104,240)

19. Subsequent events

As of 31 January 2026, Mr. František Hamáček resigned from his position as a member of the Company's Board of Directors.

As of February 2, 2026, the Board of Directors of the company appointed Mr. Dalibor Červený as the General Director of the company based on a selection procedure.

The Company is aware of the current global conflicts and the related risks and is responding to this uncertain environment by increasing its strategic production inventories.

No events have occurred subsequent to year-end that would have a material impact on the financial statements as at 31 December 2025.

18 May 2026



Aleš Bartůněk
Chairman of the Board of Directors

ANNUAL REPORT